This is the 3rd Affidavit of
William E. Aziz in this case and
was made on August 9, 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 for:

   (a) An Order under the *Companies' Creditors Arrangement Act*, 1985, c. C-36, as amended (the "**CCAA**") (the "**Approval and Vesting Order**"):

(i) Approving the proposed sale transaction (the "**Transaction**") contemplated by the Asset Purchase Agreement among the Walter Canada Group, as vendors, and Conuma Coal Resources Limited, as purchaser (the "**Purchaser**"), and certain guarantors (the "**Guarantors**") made August 8, 2016 (the "**Asset Purchase Agreement**");

(ii) Upon delivery to the Purchaser of the Monitor's Certificate attached to the proposed Approval and Vesting Order as Schedule "A" (the "**Monitor's Certificate**"), vesting in the Purchaser the Applicants' right, title and interest in and to the Assets (as defined in the Asset Purchase Agreement) free and clear of any and all Claims and Encumbrances other than Permitted Encumbrances (all as defined in the Asset Purchase Agreement); and

(iii) Granting the Walter Canada Group the benefit of a charge over the Real Property (including the coal leases) and the Mineral Tenures (each as defined in the Asset Purchase Agreement) to secure certain post-closing obligations of the Purchaser and the Guarantors to the Walter Canada Group;

(b) An Order under the CCAA approving the proposed claims process to identify and determine claims of creditors of the Walter Canada Group (the "**Claims Process**") and authorizing, directing and empowering the Monitor to take such actions as are contemplated by the Claims Process (the "**Claims Process Order**");

(c) An Order under the CCAA extending the stay of proceedings in respect of the Walter Canada Group to January 17, 2017, approving the PJT Engagement Letter (defined below) and granting certain heightened powers to the Monitor; and

(d) An Order that the confidential affidavit of William E. Aziz sworn the date hereof and the exhibits thereto (the "**Confidential Affidavit**") and the Confidential Supplemental Report of the Monitor and the appendices thereto, to be filed, (the "**Confidential Report**" and, collectively with the Confidential Affidavit, the "**Confidential SISP Materials**") be sealed, kept confidential and not form part of the public record.

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 January 5th Order.

4. As the CRO of the Walter Canada Group, in accordance with the January 5th 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. Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the SISP, the January 5th Order, the first affidavit of William G. Harvey, sworn December 4, 2015 (the "**First Harvey Affidavit**") and the other pleadings filed herein.

6. The information in this affidavit is arranged under the following headings:

I. THE PROPOSED TRANSACTION

A. The SISP

7. As described in my first affidavit sworn on March 22, 2016 in these proceedings (the "**First Aziz Affidavit**"), the Walter Canada Group's financial advisor, PJT Partners LP, began canvassing the market in an attempt to find a purchaser for the assets of the Walter Canada Group prior to the CCAA filing, including as part of its broad canvassing of the market in respect of all the assets of the Walter Group in relation to the Chapter 11 proceedings underway in respect of certain members of the Walter U.S. Group.

8. The SISP was approved pursuant to paragraph 14 of the January 5th Order.

9. The SISP provides for Prospective Bidders to submit an LOI or a Bid involving an Investment Proposal and/or a Sale Proposal.

10. In accordance with the terms of the SISP, PJT Partners LP launched Phase 1 of the SISP on January 18, 2016. Commencing on January 18, 2016, PJT Partners LP began sending a teaser letter and a draft non-disclosure agreement ("NDA") to interested parties to solicit indications of interest in the business and assets of the Walter Canada Group in the form of non-binding letters of intent from various potential bidders. 83 interested parties received a teaser and NDA.

11. PJT Partners LP contacted both financial buyers and strategic buyers based in Canada, the United States and internationally. Financial buyers were selected based on their past experience in the mining sector, previous investments in turnaround situations and ability and willingness to

deploy capital quickly. Strategic buyers included companies in the mining sector and the steel sector.

12. Ten of the parties who were contacted executed NDAs, received the Confidential Information Memorandum and conducted due diligence on the Walter Canada Group.

13. The Phase 1 LOI Deadline was March 18, 2016. On or before the Phase 1 LOI Deadline, the Walter Canada Group received multiple LOIs. In accordance with the SISP, I reviewed the LOIs with PJT Partners LP and the Monitor, determined that certain of the LOIs were Qualified LOIs and concluded that there was a reasonable prospect of obtaining a binding Bid.

14. As described in my second affidavit sworn on June 17, 2016 in these proceedings (the "**Second Aziz Affidavit**"), commencing on March 30, 2016, PJT Partners LP began notifying certain of the Prospective Bidders that the SISP would progress to Phase 2. A form of asset purchase agreement was also posted to the Due Diligence Access site.

15. Since the commencement of Phase 2 of the SISP, the Walter Canada Group, its counsel, the Monitor and I have been involved with PJT Partners LP in negotiating with Bidders and assisting Bidders with due diligence. The Walter Canada Group has taken, among others, the following steps:

    (a) The dataroom was populated with further due diligence information;

    (b) PJT Partners LP had multiple calls and conversations with all of the Bidders who submitted LOIs;

    (c) The Walter Canada Group facilitated a number of discussions among Bidders and the Walter Canada Group's stakeholders, including the USW (defined below);

    (d) The Walter Canada Group arranged for Bidders to tour of the Walter Canada Group's mines in Northeastern British Columbia and facilitated discussions among key staff members and representatives of the Bidders;

    (e) The Walter Canada Group facilitated arrangements for certain Bidders to tour the Aberpergwm mine operated by the Walter Canada Group's subsidiary Energybuild Ltd., located in Wales; and

    (f) The Walter Canada Group engaged in extensive negotiations with certain of the Bidders regarding the terms of a potential transaction.

16. The SISP provides that in order for a bid to be considered a Qualified Bid, it must satisfy certain conditions and be submitted by May 27, 2016 (the "**Phase 2 Bid Deadline**"), unless the CRO, in consultation with PJT Partners LP and the Monitor, in its discretion, deems a Bid to be a Qualified Bid despite such Bid not satisfying all the conditions required of a Qualified Bid set out in the SISP, including being received after the Phase 2 Bid Deadline. The SISP provided that the Phase

2 Bid Deadline may be extended by the CRO, in consultation with PJT Partners LP and the Monitor. In response to feedback from Bidders, I determined, in consultation with PJT Partners LP and the Monitor, to extend the Phase 2 Bid Deadline to June 10, 2016 and to extend the Outside Termination Date to July 30, 2016.

17. On or before June 10, 2016, the Walter Canada Group received a number of bids for its assets. In accordance with the SISP, I reviewed the bids with PJT Partners LP and the Monitor. I instructed PJT Partners LP to have discussions with certain of the Bidders to clarify aspects of their bids in order to identify whether there is a bid or combination of bids that can lead to an outcome that is most advantageous to the Walter Canada Group and its stakeholders.

18. In light of the bids received for the Walter U.K. assets, it was determined that the Walter Canada Group should focus on realizing value from the Canadian assets and address the Walter U.K. assets at a later time. It is anticipated that further efforts regarding realizing value from the Walter U.K. assets will be undertaken at a later date.

19. Similarly, the Walter Canada Group intends to seek to obtain value from any remaining assets of the Walter Canada Group at a later date.

20. On July 9, 2016, PJT Partners LP sent a further letter to the Bidders for the Canadian assets requesting that the bidders satisfy a number of conditions. The Bidders were given until July 21, 2016, subject to discretion of the CRO, in consultation with the Monitor and PJT Partners LP, to provide final, binding bids and to satisfy certain other conditions precedent to the acceptance of such bids as the Successful Bid (as defined in the SISP). The Outside Termination Date was extended to July 31, 2016 and thereafter to September 15, 2016

21. On or before July 21, 2016, the Walter Canada Group received a number of revised proposals for the Canadian assets. Since that date, the Walter Canada Group has been engaged in extensive further negotiations regarding those proposals in an effort to select a final bid to bring before this Honourable Court for approval.

B. **Selecting the Successful Bid**

22. I reviewed the bids received with PJT Partners LP and the Monitor, to assess which bid or bids would maximize value for Walter Canada Group's stakeholders. In my opinion, and that of PJT Partners LP, after consultation with the Monitor, the bid submitted by the Purchaser (the "**Successful Bid**") is the best bid received for the assets of the Walter Canada Group. The proposed Transaction, if consummated, will provide the maximum value for the Walter Canada Group's stakeholders available in the circumstances.

23. In selecting the Successful Bid, we considered:

(a) the purchase price and net value of the bids (including all assumed liabilities and other obligations to be performed by the bidder);

(b) planned treatment of stakeholders, including employees;

(c) the continued environmental stewardship of the properties and the requirements of the Province of British Columbia in that regard;

(d) the impact on First Nations people connected to the mine properties;

(e) factors affecting the speed, certainty and value of the transaction, including evidence of financial wherewithal; and

(f) the likelihood and timing of the consummation of the transaction.

24. After extensive arms'-length negotiations, the parties finalized the Asset Purchase Agreement on August 8, 2016. On behalf of the Walter Canada Group, I have executed the Asset Purchase Agreement, which is subject to approval by this Honourable Court. A redacted copy of the Asset Purchase Agreement is attached to this affidavit without exhibits as **Exhibit "A"**. An unredacted copy of the Asset Purchase Agreement is attached as an Exhibit to the Confidential Affidavit. Also attached as an Exhibit to the Confidential Affidavit is a copy of the PJT Partners LP report on the SISP and the Successful Bid. Finally, the Monitor's assessment of the SISP and a copy of information related to the Liquidation Alternative will be included as the Confidential Report, to be filed. The Confidential SISP Materials will also contain more information about the other bids received in the SISP. As discussed below, to preserve the integrity of the SISP as well as certain commercially sensitive information in the Asset Purchase Agreement, it is proposed that the Confidential SISP Materials should be sealed and remain sealed until further order of this Court.

25. The Successful Bid is superior to the other bids received in a number of ways, including but not limited to:

(a) The overall Purchase Price set out in the Asset Purchase Agreement was the highest total price offered by any participant in the SISP.

(b) The net cash proceeds available to the estate will be the highest of the transactions proposed by bidders.

(c) The Successful Bid contemplates the assumption of a number of liabilities that would otherwise remain liabilities of the Walter Canada Group, including, among others:

(i) the reclamation obligations of the Walter Canada Group;

(ii) the Walter Canada Group's obligations to a number of its employees; and

(iii) the Walter Canada Group's commitments to the First Nations.

(d) The Successful Bid contemplates the continued employment of the Walter Canada Group's current, active employees.

(e) The Successful Bid contemplates that certain of the Walter Canada Group's Mines may resume operations in the reasonably foreseeable near term.

(f) The Successful Bid contemplates an infusion of activity in the local communities where Walter Canada Group's Mines are located and, if operating, provide employment in the community and revenue to local suppliers and others.

(g) The Successful Bid is likely to close soon.

(h) The guarantees given in respect of the obligations in respect of the Successful Bid.

(i) The Successful Bid is superior to the Liquidation Alternative.

C. **Key Terms of the Transaction**

26. The Purchaser is a British Columbia limited liability corporation and a member of the ERP Compliant Fuels, LLC ("ERP") group of companies. The ERP group of companies have been engaged in a number of transactions in the coal market over the last year, including the acquisition of certain of the Walter U.S. Group's coal assets in West Virginia and Alabama (the "**Non-Core Assets**"). The Non-Core Assets were purchased by Seminole Coal Resources, LLC ("**Seminole**") and certain other members of the ERP group of companies.

27. The Purchaser's obligations under the Asset Purchase Agreement are guaranteed and the Purchaser's obligations under certain ancillary agreements to be executed are to be guaranteed by ERP Compliant Fuels, LLC, a Delaware limited liability company; ERP Compliant Coke, LLC, a Delaware limited liability company; Seneca Coal Resources, LLC, a Delaware limited liability company; and Seminole, a Delaware limited liability company. Each of these guarantors is part of the ERP group of companies.

28. The Closing Date for the Transaction is no later than two Business Days after the conditions precedent to closing are satisfied and also no later than September 15, 2016, unless extended by the parties. The conditions precedent to closing are standard in the CCAA context and include:

(a) the Approval and Vesting Order shall have been entered, in form and substance acceptable to the Purchaser and the Seller, and shall have become a Final Order;

(b) a process to obtain the Transfer Approvals shall have been commenced;

(c) the Purchaser and the Walter Canada Group shall have entered into a mutually satisfactory Contract Mining Agreement to allow the Purchaser to operate the Brule Mine under the Walter Canada Group's permits for a period of time while the Purchaser obtains appropriate permits;

(d) the Purchaser and the Walter Canada Group shall have entered into a mutually satisfactory Cash Collateral Transfer Agreement to address the transfer of certain cash collateral more fully described below;

(e) the Purchaser and the Walter Canada Group shall have entered into a mutually satisfactory transition services agreement pursuant to which the Purchaser will make certain key employees available to the Walter Canada Group at no cost to facilitate outstanding issues in the CCAA proceeding, including in respect of the Claims Process;

(f) the Purchaser shall have provided a certificate confirming that its representations and warranties remain true and that it has complied with all of its covenants, obligations and agreements; and

(g) the Seller shall have provided a certificate confirming that its representations and warranties remain true and that it has complied with all of its covenants, obligations and agreements.

29. Based on the information available on the date this affidavit is sworn, I anticipate that the Closing Date for the Transaction will be in September, 2016.

30. The Asset Purchase Agreement is subject to limited termination rights. The parties can terminate the Transaction on mutual consent. In addition, a party can unilaterally terminate the Transaction if there is a material breach of the representations, warranties or covenants under the Asset Purchase Agreement. Finally, the Transaction will terminate if a Government Entity issues an Order prohibiting the Transaction, if the Approval and Vesting Order is not entered by August 25, 2016, or if the Closing does not occur before September 15, 2016.

31. The Purchaser has paid to the Monitor a deposit that is greater than 10% of the Cash Purchase Price contemplated by the Asset Purchase Agreement.

D. The Purchased Assets and Assigned Contracts

32. It is the intention of the parties that the Purchaser acquire, lease or sublease substantially all Assets, properties and rights of the Walter Canada Group, including all mining, processing, loading, transporting, marketing, and selling of coal and all reclamation activities, but excluding the Excluded Assets. The Purchased Assets include:

(a) the Mineral Tenures;

(b) the Business Information;

(c) the Consents of Government Entities to the extent transferable at Law including specified Permits and all pending applications for Permits;

(d) all Current Assets (other than excluded current assets);

(e) all Books and Records, including copies of Tax records related to the Assets and the Business;

(f) all water rights, permits, Consents and other riparian rights of any kind relating to the Business, the Mines, or the Mineral Tenures;

(g) if the Walter Canada Group exercises the Belcourt Put Option, all partnership interests, marketable shares and securities of Belcourt Saxon Coal Limited Partnership and Belcourt Saxon Coal Ltd.;

(h) property and casualty insurance policies and such other specified insurance policies (excluding any director and officer insurance policies) and the right to receive insurance recoveries under such policies in respect of losses after the Closing;

(i) all Assigned Contracts;

(j) the Buildings;

(k) the Equipment;

(l) the Owned Intellectual Property and the Licensed Intellectual Property;

(m) the Owned Real Property and the Leased Real Property; and

(n) the Cash Collateral.

33. The Purchased Assets do not include, among other things:

(a) deposits associated with Contracts that are not Assigned Contracts and deposits held in trust accounts to secure payment of the reasonable fees and disbursements of the Monitor, the Financial Advisor and any professional advisors of the Seller and of the Monitor, and deposits provided to any Government Entity in respect of Tax Liabilities (other than in respect of real property Taxes);

(b) securities of or issued by corporations and all shares in other Affiliate corporations or partnership units of Affiliate partnerships (other than any interests in Belcourt Saxon Coal Limited Partnership and Belcourt Saxon Coal Ltd. if the Belcourt Put Option is not exercised);

(c) extra-provincial, sales, excise or other licences or registrations issued to or held by the Seller, whether relating to the Business or otherwise to the extent not transferable;

(d) any known or unknown Claims any Seller may have against any Person other than a Claim for Accounts Receivable;

(e) refunds in respect of reassessments for Taxes relating to the Business or Assets paid prior to the Closing and refundable Taxes;

(f) any letters of credit posted by or on behalf of the Seller;

(g) all cash, cash equivalents, bank balances, and moneys in possession of banks, the Monitor and other depositories, but excluding the Cash Collateral;

(h) any equity or other interest in the Wales operations or assets of Cambrian Energybuild Holdings ULC;

(i) Excluded Contracts; and

(j) those assets not owned by the Walter Canada Group, including the assets owned by Pelly Construction Ltd.

34. The Transaction contemplates the assignment of certain Assigned Contracts on consent. If consent is not provided, the Walter Canada Group may return to court to seek the assignment of the Assigned Contracts pursuant to Section 11.3 of the CCAA notwithstanding any restriction or prohibition contained in such Assigned Contracts relating to the assignment thereof, including any provisions requiring consent of any counterparty.

35. The Assigned Contracts include all Real Property Leases, utility contracts and intellectual property and software licenses, all Mineral Tenures, all written agreements with First Nations groups, certain contracts related to the repair and maintenance of the Brule Mine biochemical reactor and a royalty agreement with Pine Valley Mining Corporation related to the Brule and Willow Creek mines. The Purchaser retains the right, up to the Closing Date, to add or remove certain of the Assigned Contracts, provided that the removal of any Assigned Contract will not decrease and may increase the Cash Purchase Price.

36. A royalty agreement related to the Wolverine Mine is not being assumed.

37. One of the Assigned Contracts is the Walter Canada Group's interest in Belcourt Saxon. As discussed in the First Harvey Affidavit, Walter Canada owns a 50% interest in Belcourt Saxon Limited Partnership. Belcourt Saxon owns two multi-deposit coal properties located approximately 40 to 80 miles south of the Wolverine Mine in northeast B.C. The other 50% interest in Belcourt Saxon is owned by Peace River Coal Limited Partnership. The Peace River Coal Limited Partnership is a third party not affiliated with the Walter Group. It is affiliated with Anglo American Exploration (Canada) Ltd. There are certain rights of first refusal and tag along rights defined in the Belcourt Saxon Limited Partnership Agreement. The Purchaser is willing to acquire the Walter Canada Group's interest in Belcourt Saxon and contains the Belcourt Put Right, pursuant to which the Purchaser will acquire the Walter Canada Group's interest in Belcourt Saxon if the Walter Canada Group is able to satisfy or obtain the waiver of any such rights prior to the date that is 60 days following the Closing Date. The Cash Purchase Price is subject to adjustment depending on whether or not the Belcourt Put Right is exercised by the Walter Canada Group.

38. The completion of the Transaction, which includes the assignment of the Assigned Contracts, will help fulfill the objectives of this CCAA proceeding. The Transaction represents the highest price and net cash proceeds realizable through the SISP and the best transaction in the circumstances for the benefit of the Walter Canada Group and its stakeholders.

E. Employees

39. No less than ten (10) Business Days prior to the Closing Date, the Purchaser shall offer employment in writing to certain specified Employees who are entitled to offers pursuant to the Collective Agreements or applicable Law and, subject to any amendments to existing Collective Agreements, on terms and conditions of employment which are substantially similar in the aggregate for each such individual Employee as those currently available to such individual Employee.

40. The Purchaser intends to negotiate amendments to the existing Collective Agreements prior to or following the Closing Date. The Collective Agreements are the Agreements with the Construction and Allied Workers' Union, Local 68 for the Willow Creek Mine and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, Local 1-424 ("**USW**") for the Wolverine Mine (collectively, the "**Unions**"). The Purchaser has committed, prior to the Closing Date, to use reasonable efforts to enter into amended or new collective bargaining agreements with the Unions, in each case on terms that are mutually acceptable to the parties and the applicable Employees. The negotiation of such amended or new collective bargaining agreements is not be a condition to the Closing.

41. Furthermore, the Purchaser shall recognize all past service of each Employee who becomes a Transferred Employee for all purposes, including participation in any benefit plan, vacation, any other service entitlements and any required notice of termination, termination or severance pay (whether contractual, statutory or at common law).

42. The Walter Canada Group shall be responsible for all Employee Costs for any Employees other than Transferred Employees to the extent required under applicable Law (including all unpaid wages, salary, incentive compensation, benefits and vacation pay up for each such Employee).

43. The Purchaser has agreed it shall become the successor employer for the Walter Canada Group's past and present unionized employees for purposes of applicable Laws and, accordingly, shall be bound by and comply with the terms of such Collective Agreements (as such may be amended) including continuing the employment after the Closing Date of the Employees covered by such Collective Agreements effective from the Closing Date.

44. The Purchaser has indicated that it intends to make offers of employment to all of the Walter Canada Group's current, active Employees.

F. Assumed Liabilities

45. As part of the consideration provided by the Purchaser, at the Closing, the Purchaser shall assume certain liabilities, including:

(a) all Liabilities of the Seller in respect of the Mineral Tenures which are assumed and assigned pursuant to the Approval and Vesting Order arising from and after the Closing;

(b) certain Transfer Tax, Tax election, Tax characterization and Real Property Tax liabilities;

(c) all Liabilities with respect to the post-Closing operation of the Business or ownership of the Assets;

(d) all Liabilities under the Assigned Contracts arising from and after the Closing Date;

(e) all amounts payable or Liabilities that must be assumed to obtain the Consents or Transfer Approvals, including filing and other fees related thereto, but excluding (i) any penalties or interest and (ii) any expenses incurred by Seller other than those expenses of the Seller that are to be paid, reimburse or otherwise satisfied by the Purchaser;

(f) all Environmental Liabilities, other than Excluded Pre-Closing Fines;

(g) all Liabilities arising from and after the Closing Date with respect to the Purchaser's employment or termination of employment of any Transferred Employees; and

(h) all Accounts Payable and Accrued Liabilities.

G. Contract Mining Agreement

46. It is not a condition to the Closing that the Purchaser obtain all necessary permits and other approvals necessary for the operation of the Mines. It is contemplated that the Transfer Approvals will be obtained after the Closing. The Walter Canada Group has had discussions with the British Columbia Ministry of Energy and Mines in preparation for an approved transaction and the Ministry has indicated that they will move quickly to address the necessary approvals.

47. In the meantime, the Purchaser and the Walter Canada Group have agreed to enter into an agreement (the "**Contract Mining Agreement**") pursuant to which the Purchaser will be granted the right to conduct, at the sole cost and expense of Purchaser, mining operations at the Brule Mine (in accordance with the mine plan for the Brule Mine currently in effect) and related processing and loading operations at the Willow Creek Mine following the Closing on the applicable Real Property under the applicable Permits.

48. The Contract Mining Agreement shall provide, at a minimum, that Purchaser and the Guarantors shall indemnify and hold harmless the Seller from any and all Liabilities arising out of or resulting from the Purchaser's operations of the Mines or any other activities occurring at the Mines, including in respect of operations conducted under Seller's applicable Permits. The Contract Mining Agreement shall have a term of three months after the Closing Date and shall be extended month to month in the event one or more Transfer Approvals have not been obtained through no fault of the Purchaser for a maximum of six additional months from the Closing Date, provided that any extension of the Contract Mining Agreement in excess of six months after the Closing Date shall only be granted upon the payment by the Purchaser of certain amounts to the

Walter Canada Group, including a reimbursement for a portion of the fees incurred and potential costs of these CCAA proceedings if, in the opinion of the Monitor, the CCAA proceedings could be terminated but for the requirement of the Purchaser to obtain the necessary mine permits and approvals .

49. To secure the indemnification obligations of the Purchaser to the Walter Canada Group, it is proposed that the Walter Canada Group be granted a Court-ordered first ranking charge over the Real Property (including any coal leases) and all Mineral Tenures including all accretions, substitutions, replacements, additions and accessions to any of them and all proceeds of any of the foregoing (the "**Indemnification Security Interest**"). It is contemplated that, upon the Walter Canada Group's and the Monitor's receipt from the Purchaser of a certificate certifying that (i) all Transfer Approvals and Permits contemplated under the Asset Purchase Agreement and under any Ancillary Agreements have been transferred or issued, as applicable, to the Purchaser, and (ii) there have been no incidents, violations or occurrences during the term of the Contract Mining Agreement that give rise to an unresolved Claim against the Seller (the "**Purchaser's Certificate**"), the Monitor shall thereafter deliver a second Monitor's certificate to the Purchaser certifying that it received the Purchaser's Certificate and it is contemplated that the Indemnification Security Interest shall be extinguished upon delivery of the second Monitor's certificate.

50. The proposed Court-ordered charge in respect of the Indemnification Security Interest and the method of extinguishing such charge is comparable to the charge granted in favour of the Walter Canada Group to facilitate the bulldozer equipment transaction described in the First Affidavit of William G. Harvey dated December 4, 2015, in this proceeding (the "**Bulldozer Transaction**"). Pursuant to the Bulldozer Transaction, to secure the purchaser of the bulldozer equipment's payment of the purchase price to certain members of the Walter Canada Group, this Honourable Court granted certain members of the Walter Canada Group a first-ranking charge on the equipment sold, which charge was extinguished automatically upon the delivery of a certificate to the Monitor certifying that the purchase price had been payed.

H. **Cash Collateral Transfer Agreement**

51. The Purchaser's willingness to enter into the Asset Purchase Agreement is premised on the Walter Canada Group's agreement to remit the Cash Collateral posted in respect of the letters of credit either (x) to the applicable Government Entity to replace the existing letters of credit or (y) to the Purchaser or its surety providers. This obligation arises following the delivery of evidence satisfactory to the Walter Canada Group that appropriate financial assurance has been delivered by or on behalf of the Purchaser to the applicable Government Entity and that such financial assurance is acceptable to such Government Entity in respect of the Permits and Transfer

Approvals. In addition, the Walter Canada Group must be satisfied that the existing letters of credit have been released and that the LOC Issuers have no further right to retain the Cash Collateral under the Cash Collateral Agreement dated January 5, 2016 among the LOC Issuer, Morgan Stanley Senior Funding, Inc., Walter Energy Canada and Brule Coal Partnership. Walter Canada does not anticipate any material issues in the obtaining the release of the Cash Collateral relating to a released letter of credit. Out of an abundance of caution, the Purchaser has required that if a letter of credit has been released and the Walter Canada Group asserts that the LOC Issuer has a right to retain the Cash Collateral other than by reason of an act or omission of the Purchaser, then Walter Canada Group must remit cash equal to the amount of the applicable letter of credit to the Purchaser or as directed by the Purchaser. The Purchaser and the Walter Canada Group intend to enter into a Cash Collateral Transfer Agreement to fully document the terms of the arrangements regarding the Cash Collateral (the "**Cash Collateral Transfer Agreement**").

I. **Transition Services Agreement**

52. The Purchaser has agreed to make available to the Walter Canada Group, at no cost, certain key Transferred Employees as are reasonably necessary to assist the Seller and the Monitor from time to time in the performance of their respective duties and responsibilities under the CCAA proceedings, including in respect of the Claims Process and other incidental matters, pursuant to and in accordance with a mutually acceptable transition services agreement to be entered into prior to the Closing Date with a term of one year, which may be extended by the parties.

J. **The Liquidation Alternative**

53. In conjunction with the SISP, the Walter Canada Group with the assistance of the Monitor launched a separate process to solicit liquidation proposals for its assets (the "**Liquidation Alternative**"). The Liquidation Alternative was intended to assist with the assessment of the value of any LOIs or Bids received under the SISP and to address circumstances where no executable Bid was obtained under the SISP for one or more of the mines at comparable or greater value. On the liquidation proposal deadline, the Monitor, on behalf of the Walter Canada Group, received a number of liquidation proposals. In my view, the Successful Bid is a better alternative than the Liquidation Alternative for a number of reasons, including:

(a) the ultimate value that is likely to be available to the creditors of the Walter Canada Group under the Successful Bid is greater than under the Liquidation Alternative;

(b) there are extensive additional holding costs associated with completing the Liquidation Alternative that will reduce the recovery available to the Walter Canada Group's creditors;

(c) there are a large number of additional claims will arise under the Liquidation Alternative that will not arise if a going concern outcome is achieved; and

(d) there are a number of other benefits to a going concern outcome, including the potential for employment and business opportunities in the local communities.

54. Although it is no longer likely that the Liquidation Alternative will be pursued, I understand that the Monitor is requesting from liquidators that the remaining liquidation proposals remain open for acceptance until August 31, 2016.

K. The Proposed Transaction Should Be Approved

55. The factors listed in Section 36 of the CCAA, among others, support the approval of the Transaction as follows:

(a) The sales process leading to the proposed Transaction was reasonable, including the efforts made by the Walter Group and PJT Partners LP prior to the commencement of the CCAA proceedings and the efforts of the Walter Canada Group and its advisors under the Court-approved SISP;

(b) The board of directors and management of the Walter Canada Group have proceeded in good faith and with due diligence throughout the process and have received advice from the Company's legal and financial advisors, in the exercise of their business judgement, that the Transaction is the best outcome available to the Walter Canada Group in the circumstances;

(c) Stakeholders, including USW, have been consulted regarding the Transaction;

(d) The Monitor was consulted extensively in connection with the SISP and will comment on the SISP in the Monitor's Fourth Report to the Court (the "**4th Report**"), to be filed;

(e) I am informed by the Monitor and believe that it will be filing its 4th Report stating that the Monitor supports the Transaction and that the Transaction would be more beneficial to the Walter Canada Group's creditors than a sale or disposition under a bankruptcy;

(f) The Successful Bidder is not related to any member of the Walter Canada Group;

(g) The proposed Transaction will monetize the vast majority of the Walter Canada Group's remaining assets for the benefit of its creditors while providing for the continued employment of the Transferred Employees;

(h) The Purchase Price from the Transaction was the highest price out of all of the SISP bids;

(i) A number of liabilities are being assumed by the Purchaser and a number of claims will not arise as a result of a going concern outcome; and

(j) The consideration to be received in respect of the assets subject to the Transaction is reasonable and fair, taking into account their market value.

56. The completion of the Transaction is subject to few Closing conditions. Taking into account the Purchase Price and factors affecting the speed and certainty of closing, including the conditions to Closing, the Transaction represents the best transaction in the circumstances for the benefit of the Walter Canada Group and its stakeholders. The Purchaser has provided evidence that it will

have sufficient funds on Closing to complete the Transaction and satisfy all of the obligations of the Purchaser under the Asset Purchase Agreement.

II. SEALING THE CONFIDENTIAL SISP MATERIALS

57. The Purchase Price and certain other terms of the Asset Purchase Agreement are commercially sensitive and should not be disclosed at any point before the Transaction successfully closes. It is not necessary to disclose the exact price because other terms of the Asset Purchase Agreement have been disclosed and the Purchase Price is the highest price possible out of all of the SISP participants.

58. Similarly, the terms of the remaining bids and of the bids received in respect of the Liquidation Alternative are commercially sensitive, and it is not necessary to disclose the details of those bids because the fact that the Purchase Price is the highest value potential bid received has been disclosed. In my view, the sealing order requested is necessary to protect the integrity of the SISP, particularly if the Transaction does not close.

59. The Confidential SISP Materials which contain the foregoing information should therefore be sealed until further order of this Honourable Court.

III. PROPOSED CLAIMS PROCESS ORDER

60. In this section, all capitalized terms not defined elsewhere have the meaning ascribed to them in the draft Claims Process Order. In this affidavit, I summarize but do not replicate the precise terms of the proposed Claims Process Order.

61. For the convenience of the Court and all stakeholders, a timetable setting out key dates in the Claims Process the draft Claims Process Order has attached to it as Schedule "J". The key dates are as follows:

Event	Date
Issuance of the Claims Process Order	August 15, 2016
Monitor to post on its Website a copy of the Claims Process Order, a blank Proof of Claim form, the Instruction Letter and a blank Notice of Dispute form.	August 22, 2016
Monitor to send Claims Packages to known Claimants	August 24, 2016
Monitor to have Newspaper Notice published for one Business Day in the Globe and Mail (National Edition), the Vancouver Sun, the Tumbler Ridge News and the Chetwynd Echo	August 29, 2016

Claims Bar Date	October 5, 2016
Employee Notices of Dispute of Employee Claims	October 5, 2016
Filing of the Intercompany Claims Report	October 5, 2016
Deadline for 1974 Plan to serve materials seeking to prove the enforceability of the 1974 Pension Plan Claim	October 5, 2016
Monitor to seek a scheduling appointment before the Court for a hearing of a motion to determine the validity of the 1974 Pension Plan Claim, if applicable	Following service by 1974 Pension Plan to prove the enforceability of its Claim
Monitor to send Notices of Revision or Disallowance in respect of Pre-Commencement Claims or Employee Claims	November 7, 2016
Claimants to send Notices of Dispute to the Monitor in respect of Pre-Commencement Claims or Employee Claims	December 6, 2016
Disputing party to bring a motion to the Court to resolve a disputed Claim in respect of Pre-Commencement Claims or Employee Claims	January 9, 2017

A. Affected and Unaffected Claims

62. The Claims Process will seek to identify and quantify five types of claims:

(a) *Pre-Commencement Claims*, which are claims that may be asserted against the Walter Canada Group and that existed before the Commencement Date. Pre-Commencement Claims include Tax Claims in respect of a period before the Commencement Date, but do not include Employee Claims or Unaffected Claims, including Intercompany Claims;

(b) *Restructuring Claims*, which are claims that may be asserted against the Walter Canada Group arising out of the restructuring, disclaimer, resiliation, termination or breach of any agreement or arrangement on or after the Commencement Date. Restructuring Claims do not include Employee Claims, 1974 Pension Plan Claim, or Unaffected Claims;

(c) *Directors/Officers Claims*, which are claims against one or more Directors or Officers that relate to a Pre-Commencement Claim or a Restructuring Claim;

(d) *Employee Claims*, which are claims held by people who were active or inactive employees of the Walter Canada Group at the Commencement Date; and

(e) *1974 Pension Plan Claims*, which are claims alleged by or on behalf of the United Mine Workers of America 1974 Pension Plan and Trust (the "**1974 Plan**") against any member of the Walter Canada Group.

63. The Claims Process will also seek sufficient information to identify and quantify any Intercompany Claims. The Intercompany Claims are treated as Unaffected Claims under the Claims Process and include (i) claims of a member of the Walter Canada Group against another member of the Walter Canada Group or any Walter Canada Group subsidiary, including claims secured by a

Court-ordered Charge; and (ii) claims of Walter Energy, Inc. and any of its non-Canadian affiliates against the Walter Canada Group.

64. With respect to Intercompany Claims, the Monitor will prepare a report detailing the nature and quantum of such Claims, which will be served on the Service List on or before the Claims Bar Date.

65. The Claims Process will leave unaffected the following Unaffected Claims:

(a) Intercompany Claims;

(b) Claims that arose after the Commencement Date (other than Restructuring Claims and Directors/Officers Claims);

(c) Claims by banks in respect of the Cash Management System as described in the Initial Order;

(d) Claims secured by any CCAA Charge;

(e) Claims or portions of claims arising from a cause of action for which the Walter Canada Group entities are covered by insurance, but only to the extent of such coverage;

(f) Claims referred to in sections 6(3), 6(5) and 6(6) of the CCAA; and

(g) Claims with respect to reasonable fees and disbursements of the CRO, the Financial Advisor, counsel of the Walter Canada Group and the Monitor or any Assistant (as defined in paragraph 4 of the Initial Order).

66. The Claims Process Order is expected to permit the Walter Canada Group to identify and quantify all of the Claims that must be identified and quantified to permit the development of a Plan of Arrangement ("**Plan**") or other distribution mechanism that would conclude these CCAA Proceedings.

B. **Claims Bar Date**

67. The proposed claims bar date for all affected claims other than Restructuring Claims is 5:00 p.m. (Vancouver Time) on October 5, 2016 or such other date ordered by the Court (the **"Claims Bar Date"**). By this time, any Claimant must have submitted to the Monitor the applicable Proof of Claim documentation.

68. The proposed claims bar date for Restructuring Claims is the later of the Claims Bar Date and 5:00 p.m. (Vancouver Time) on the day that is twenty Business Days after the date of the applicable Notice of Disclaimer or Resiliation (the **"Restructuring Claims Bar Date"**). The Claims Process Order also requires members of the Walter Canada Group to issue any Notices of Disclaimer or Resiliation at least fifteen days before a scheduled meeting date (or adjournment thereof) in respect of any Plan.

69. In respect of both the Claims Bar Date and the Restructuring Claims Bar Date, the Claims Process Order specifically states that the date may be changed by the Court.

70. If a Claimant (other than an Employee) fails to file required Proof of Claim documentation before the applicable Claims Bar Date, then such Claimant is barred from asserting its Claim, is not permitted to vote on any Plan on account of such Claim, is not entitled to participate in any distribution under any such Plan, and is not entitled to receive notice in respect of the Claims Process, the CCAA Proceedings or any Meeting Dates.

71. In addition, Claims described in any Proof of Claim filed after the applicable Claims Bar Date are deemed to be disallowed.

72. A Claims Bar Date of October 5, 2016 is reasonable in that it provides sufficient time from the date of this application for potential Claimants to evaluate and submit any Claim they may have against the Walter Canada Group or its Directors or Officers. It is my understanding that the Monitor is also of the opinion that the Claims Bar Date is reasonable.

C. Notice

73. The Draft Claims Process Order sets out the following methods of providing notice about the proposed Claims Process and the applicable Claims Bar Date:

(a) The Monitor shall, no later than five Business Days following the making of the Claims Process Order, post on the Monitor's website a copy of the Claims Process Order, a blank Proof of Claim Form, the Instruction Letter and a blank Notice of Dispute Form;

(b) The Monitor shall, no later than seven Business Days following the making of the Claims Process Order, cause a Claims Package to be sent to each known Claimant based on the books and records of the Walter Canada Group as well as to each party that provided contact information to the Service List;

(c) The Monitor shall, no later than ten Business Days following the making of the Claims Process Order, cause the Newspaper Notice to be published for one Business Day in the Globe and Mail (National Edition), the Vancouver Sun, the Chetwynd Echo, and the Tumbler Ridge News; and

(d) From the date of the making of the Claims Process Order, any Notice of Disclaimer or Resiliation that is delivered shall be accompanied by a Claims Package.

74. In my experience, these methods of providing notice are consistent with approaches taken in other CCAA Proceedings. In addition, the CCAA Proceedings have been underway since late 2015 and have been well-publicized in the marketplace. Finally, the Monitor and the Walter Canada Group have been highly engaged with the broader group of stakeholders and have taken information gleaned from that engagement into account in designing the notice provisions.

D. Procedure for Making and Adjudicating Claims Other than Employee Claims and 1974 Pension Plan Claims

75. The Claims Process Order includes the proposed forms of Instruction Letter, Notice of Revision or Disallowance, Notice of Dispute and Newspaper Notice, all of which apply to all Claims that will be affected by this Claims Process. The Claims Process Order also includes the proposed form of Proof of Claim, which will apply to all Claims other than Employee Claims and 1974 Pension Plan Claims. The processes applicable to Employee Claimants and 1974 Pension Plan Claimants are described under separate headings below.

76. All Claimants, other than Employee Claimants and 1974 Plan, are required to file a Proof of Claim with the Monitor by prepaid registered mail, courier, personal delivery or email on or before the Claims Bar Date or the Restructuring Claims Bar Date, as applicable.

77. Claimants are permitted to make the claim in the currency in which the claim arose. The Claims Process Order sets out the method the Monitor shall use to convert non-Canadian currency claims to Canadian currency claims.

78. The Monitor shall give the Walter Canada Group copies of all documentation filed with the Monitor or provided by the Monitor to Claimants. Where the Claims Process Order requires the Monitor to consult with the Walter Canada Group, that obligation is satisfied by consultation with the CRO.

79. The Monitor, in consultation with the Walter Canada Group, is authorized by the Claims Process Order to use reasonable discretion in assessing the adequacy of compliance with the content and timing requirements for the forms attached to the Claims Process Order. In addition, where the Monitor, in consultation with the Walter Canada Group, is satisfied that a Claim has been adequately proven, the Monitor may waive strict compliance with the Claims Process Order.

80. The Claims Process Order also permits the Monitor, in consultation with the Walter Canada Group, to request further documentation from a Claimant to assist in determining the validity of a Claim.

81. By no later than November 7, 2016 or thirty Business Days after the Restructuring Claims Bar Date, as applicable, the Monitor, in consultation with the Walter Canada Group, shall send a Notice of Revision or Disallowance to all Claimants who filed documentation with the Monitor before the applicable Claims Bar Date where the Monitor, in consultation with the Walter Canada Group, is of the view that the applicable Claim should not be accepted. If no Notice of Revision or Disallowance is sent to a Claimant, that Claimant's Claim is deemed to be an Allowed Claim for voting and distribution purposes.

82. Claimants who receive Notices of Revision or Disallowance with which they disagree must file with the Monitor a completed Notice of Dispute by the later of December 6, 2016 or twenty Business Days from delivery of the Notice of Revision or Disallowance. Should a Claimant fail to deliver a Notice of Dispute, then the Claim set out in the Notice of Revision or Disallowance shall be deemed to be an Allowed Claim for voting and distribution purposes.

83. The Monitor, in consultation with the Walter Canada Group, may attempt to resolve a disputed Claim consensually. If a consensual resolution is reached, such Claim, as resolved, shall be an Allowed Claim.

84. The Claims Process Order permits the Monitor to schedule a motion with the Court to resolve any disputes, including related to discovery of documents or examinations for discovery in the course of resolving Claims.

85. If a disputed Claim cannot be resolved on consent, the disputing Claimant may bring a motion on a *de novo* basis before the Court in these proceedings. Such motion shall be brought by the later of January 9, 2017, or within twenty Business Days of delivery of the Notice of Dispute or at such time as may be agreed between the Claimant and the Monitor.

86. The proposed Claims Process Order provides sufficient flexibility and time to the Monitor and the Walter Canada Group to evaluate and resolve claims.

E. **Procedure for Making and Adjudicating Employee Claims**

87. The vast majority of Employees who will have claims against the Walter Canada Group are members of the USW. The Walter Canada Group and the Monitor have consulted with the USW and its advisors regarding the proposed Claims Process, including the dates and the manner of providing notice of the Employee Claims to the Employees. The USW has indicated that it supports the proposed Claims Process as set out in the Claims Process Order. The Walter Canada Group and the Monitor intend to continue to consult with the USW and its advisors regarding the quantum of the Employee Claims to be included in the Employee Claim Amount Notices.

88. Employees are not required to file Proofs of Claim. Rather, the Monitor shall include with the Claims Package an Employee Claim Amount Notice, which sets out the amount of such Employee Claimant's Claim as determined by the Monitor, in consultation with the Walter Canada Group, based on the Walter Canada Group's books and records. The Claims Process Order provides that where an Employee Claimant is represented by USW, a copy of the Employee Claim Amount Notice will be provided to USW. The Monitor shall also include a blank Notice of Dispute of Employee Claim form in the Claims Package.

89. If Employees agree with the Employee Claim Amount Notice included in the Claims Package sent to them by the Monitor, then they do not need to take any steps; the Claims Process Order states that in the absence of the Employee taking any step, the Employee Claim shall be an Allowed Claim for voting and distribution purposes.

90. If an Employee disputes the Employee Claim as set out in the Employee Claim Amount Notice, then the Employee must file a Notice of Dispute of Employee Claim with the Monitor by prepaid registered mail, courier, personal delivery or email on or before the Claims Bar Date.

91. The Monitor and the Walter Canada Group will then apply the same process for reviewing and adjudicating the Employee Claims as for other claims for which a Proof of Claim is filed. In addition, the Claims Process Order provides that where an Employee Claimant is represented by USW, a Notice of Dispute may be filed by USW and USW may represent the employee in the resolution of the disputed Claim.

F. Procedure for Making and Adjudicating United Mines Workers of America 1974 Pension Plan Claims

92. As described in the Second Aziz Affidavit, the 1974 Plan notified the Walter Canada Group that the 1974 Plan asserts a claim against the Walter Canada Group based on the provisions of the United States statute titled Employee Retirement and Income Security Act of 1874 ("**ERISA**") and on the language in the Plan Document. The Walter Canada Group has taken the position that ERISA was not intended to and does not have extra-territorial effect such that a Canadian Court should not impose on the Walter Canada Group liability based on ERISA. Furthermore, the Walter Canada Group has taken the position that it was not a party to the Plan Document and is not bound by its terms. Attached hereto as **Exhibit "B"** are copies of correspondence among the Walter Canada Group and the advisors to the 1974 Plan.

93. The Monitor and the Walter Canada Group have designed the claims adjudication process to efficiently address the 1974 Plan's claim with the assistance of this Court. In particular, the 1974 Plan is not required to file a Proof of Claim. Rather, the 1974 Plan is permitted to assert the 1974 Pension Plan Claim by serving materials asserting and providing an evidentiary foundation for such Claims on the Walter Canada Group, the Monitor and the Service List before the Claims Bar Date. The advisors to the 1974 Plan have been informed of the proposed treatment of the 1974 Pension Plan Claims and have not objected to the proposed approach.

94. If the 1974 Plan serves such materials before the Claims Bar Date, then the Monitor shall seek a scheduling appointment with the Court on notice to the Service List to set a schedule for delivery of materials and the hearing of a motion to determine the validity and quantum, if any, of the 1974

Pension Plan Claims. The Claims Process Order makes it clear that only the Court can accept or determine that the 1974 Pension Plan Claim is an Allowed Claim.

G. Role of the Monitor

95. In summary, the Monitor, in addition to its prescribed rights, duties, responsibilities and obligations under the CCAA, the Initial Order and any other Orders of the Court in the CCAA Proceeding, shall administer the Claims Process, including, without limitation, by:

(a) Publishing notice of the Claims Process;

(b) Making minor changes to the forms attached to the Claims Process Order, in consultation with the Walter Canada Group, as necessary;

(c) Sending Claims Packages to known Claimants and to Persons requesting Claims Packages; and

(d) Reviewing, allowing, disputing, consensually resolving, or facilitating the litigation of disputed Claims, all in consultation with the Walter Canada Group.

96. It is my understanding that the Monitor supports the proposed Claims Process Order.

IV. SELENIUM BIOCHEMICAL REACTOR

97. As explained in the First Harvey Affidavit, the Walter Canada Group has experienced some difficulties meeting the revised provincial water quality guidelines relating to selenium levels at the Brule Mine. The Walter Canada Group has constructed a biochemical reactor (or bioreactor) at the Brule Mine to treat selenium as contemplated by the relevant permits and the selenium management plan associated with the Brule Mine.

98. As explained in the First Aziz Affidavit, the bioreactor is not functioning as intended due to consistently low water levels in the bioreactor. Certain repairs are needed to address this issue. The Walter Canada Group negotiated and entered into a contract with a consulting firm to design a repair to the biochemical reactor. The repair design is complete and the Walter Canada Group has retained a construction company to complete the repairs. Repairs are commencing shortly and are expected to be completed in August 2016.

99. As previously reported, Representatives of the Walter Canada Group who are responsible for environmental and other regulatory matters have provided updates regarding the difficulties associated with the bioreactor as well as the plans for repairs to the Ministry of Environment and the Ministry of Energy and Mines.

V. SEVERE RAINSTORM IN NORTHEASTERN BRITISH COLUMBIA

100. As reported in the Second Aziz Affidavit, the cities of Tumbler Ridge and Chetwynd and the surrounding areas, including the Walter Canada Group mines located in that area, were affected by a severe rainstorm in June 2016. Certain roads in the area were washed out. There was some damage to property owned or controlled by the Walter Canada Group, including to one of the railway lines servicing the Willow Creek Mine. The damage to the railway line was material and the Walter Canada Group is in the process of assessing and addressing the damage. The Walter Canada Group has informed its insurers of these matters.

VI. ENHANCED MONITOR'S POWERS

101. Following the Closing of the Asset Purchase Agreement, it is anticipated that members of the Walter Canada Group will no longer have any employees and all current employees will become employees of the Purchaser. Accordingly, the accounting and other personnel who normally attend to banking and other accounting and administrative matters, including the preparation of various required tax filings for some or all members of the Walter Canada Group, will be employed by the Purchaser. The transition services agreement discussed above will address some of these matters.

102. Certain matters are better handled by persons with duties to the Walter Canada Group. As such, The Walter Canada Group is requesting that this Honourable Court grant certain additional powers to the Monitor to facilitate the collection of monies owed or owing to the Walter Canada Group and to facilitate the control of the Walter Canada Group's bank accounts (and the opening of new accounts).

VII. PJT ENGAGEMENT LETTER

103. As described in the Second Aziz Affidavit, the Walter Canada Group agreed to amend the PJT Engagement Letter to address the fact that there will be no Chapter 7 proceedings in respect of the Walter U.S. Group. Accordingly, the payment of the work fee by the Walter Canada Group commenced upon closing of the sale of the assets of the Walter U.S. Group. No other material changes to the PJT Engagement Letter were made. A copy of the amended and restated PJT Engagement Letter dated April 1, 2016 (the "**Amended and Restated PJT Engagement Letter**") is attached as **Exhibit "C"** to this Affidavit and a blackline showing the changes made to the Amended and Restated PJT Engagement Letter is attached as **Exhibit "D"** to this Affidavit.

VIII. STAY EXTENSION

104. The Walter Canada Group was granted protection from their creditors under the CCAA pursuant to the Initial Order. The Initial Order granted, *inter alia*, a stay of proceedings 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.

105. The Walter Canada Group has been proceeding in good faith and with due diligence to effect a restructuring under the CCAA, including by completing a sale pursuant to the SISP. In addition to the activities outlined above and in my previous affidavits, since my appointment as CRO I have, among other things:

(a) Met with representatives of the Ministry of Energy and Mines and other government representatives to discuss the status of the CCAA proceedings and the SISP and engaged in further discussions and correspondence with government representatives regarding various matters, including regarding the Successful Bid and the transfer of certain permits to the Purchaser;

(b) Met with other creditors and interested parties to discuss the status of the CCAA proceedings and the SISP and certain outstanding claims;

(c) Facilitated discussions between the Purchaser and key stakeholders, including USW;

(d) Consulted with stakeholders in the course of developing the proposed Claims Process Order, including the USW and its advisors;

(e) Obtained new insurance policies for the Walter Canada Group;

(f) Attended to governance matters relating to the Walter U.K. Group (as defined in the January 5th Order);

(g) Continued to examine options to maximize the value of the Walter U.K. assets;

(h) Attended to various ongoing monitoring and other activities to preserve the mine sites in care and maintenance;

(i) Engaged with representatives of certain First Nations regarding certain matters;

(j) Attended to Canada Revenue Agency audits; and

(k) Negotiated the Asset Purchase Agreement;

106. The extension of the Stay Period to January 17, 2017, is requested to allow the Walter Canada Group to complete both the Transaction and also all steps contemplated by the Claims Process Order, with the exception of responding to and litigating any disputed Claims.

107. From my review of the current cash flow projections, I do verily believe that the Walter Canada Group will have sufficient operating cash to continue operations during the proposed extended Stay Period.

108. It is my understanding that the Monitor supports the extension of the Stay Period and will file a report attaching cash flow forecasts that demonstrate, subject to the assumptions more fully set out in the report, that the Walter Canada Group has sufficient liquidity to continue its operations as currently conducted through to the end of the proposed extended stay period, including the ongoing care and maintenance of the mines.

109. The Walter Canada Group has been acting in good faith and with due diligence in these proceedings.

110. It is in the best interests of the Walter Canada Group and all their stakeholders that the Stay Period be extended to January 17, 2017, to enable the Walter Canada Group to complete the Transaction and substantially complete the steps contemplated in the Claims Process Order.

SWORN BEFORE ME at the town of Baysville, in the Province of Ontario, on August 9, 2016.

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

WILLIAM E. AZIZ

Patrick Riesterer
Lawyer & Notary Public
Box 50, 1 First Canadian Place
Toronto, ON M5X 1B8
416-862-5947

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.

This is Exhibit "A" referred to in Affidavit #3 of **William E. Aziz** sworn August 9, 2016 at Bayville, Ontario.

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

ASSET PURCHASE AGREEMENT

BY AND AMONG

WALTER ENERGY CANADA HOLDINGS, INC., AND THE OTHER ENTITIES LISTED IN SCHEDULE A HERETO

AND

CONUMA COAL RESOURCES LIMITED AND THE GUARANTORS HEREUNDER

DATED AS OF AUGUST 8, 2016

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SCHEDULES

The following Schedules form an integral part of this Agreement.

Schedule A	List of Seller Entities
Schedule 1.1(a)	Knowledge
Schedule 1.1 (b)	Permitted Encumbrances
Schedule 2.1.1(a)	Mineral Tenures
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Schedule 2.1.1(h)	Insurance
Schedule 2.1.1(i)	Assigned Contracts
Schedule 2.1.1(l)	Owned and Licensed Intellectual Property
Schedule 2.1.2(c)	Excluded Assets
Schedule 2.2.1	Purchased Deposits
Schedule 2.2.2	Asset Allocation Schedule
Schedule 5.3.8	Financial Assurances
Schedule 5.9.1	Employees to Receive Offers of Employment
Schedule 7.1(d)	Required Consents

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement is dated August 8, 2016, among Walter Energy Canada Holdings, Inc. ("**Walter Energy Canada**"), and the other entities listed in Schedule A hereto (collectively, the "**Seller**"), Conuma Coal Resources Limited (the "**Purchaser**") and the Guarantors (collectively, the "**Parties**").

WHEREAS

A. Walter Energy Canada applied for and was granted protection under the *Companies' Creditors Arrangement Act* (the "**CCAA**") pursuant to an Initial Order dated December 7, 2015 (as amended and restated from time to time, the "**Initial Order**") of the Supreme Court of British Columbia (the "**Court**"). Pursuant to the Initial Order, KPMG Inc. was appointed as Monitor of Walter Energy Canada (the "**Monitor**") in the CCAA proceedings bearing Court File No. S-1510120 (the "**CCAA Proceedings**");

B. On January 5, 2016, the Court granted an Order (the "**SISP Order**") which, among other things, approved the Sale and Investment Solicitation Process in connection with the sale of all or substantially all of the Assets or Business of the Seller (the "**SISP**"). The SISP Order and the SISP exclusively govern the process for soliciting and selecting bids for such sale. The SISP Order and the SISP require receipt of non-binding letters of intent by the Monitor on or before March 18, 2016 and, if applicable, receipt of irrevocable bids by the Monitor in respect of such Assets on or before June 10, 2016;

C. Pursuant to the SISP Order, PJT Partners LP (the "**Financial Advisor**") was authorized and directed to carry out the SISP and BlueTree Advisors Inc. was appointed as the Chief Restructuring Officer (the "**CRO**") to select one or more Successful Bids (as defined in the SISP), in consultation with the Monitor;

D. The Purchaser has been selected as the Successful Bidder in accordance with the SISP; and

E. The Seller has agreed to transfer to the Purchaser, and the Purchaser has agreed to purchase and to assume, the Assets and the Assumed Liabilities (as defined below) from the Seller upon the terms and conditions set forth hereinafter.

NOW, THEREFORE, in consideration of the respective covenants, representations and warranties made herein, and of the mutual benefits to be derived hereby (the sufficiency of which are acknowledged), the Parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

Capitalized terms used but not otherwise defined herein shall have the meanings set forth below:

"**Accounts Payable**" means any and all amounts relating to the Business owing to any Person by the Seller incurred after the effective time of the Initial Order in connection

with the purchase of goods or services in the Ordinary Course that are provided to the Purchaser or received by the Purchaser after the Closing or in connection with any Real Property Taxes owing for the period after the Closing.

"**Accounts Receivable**" means, with respect to the Seller, all accounts receivable, notes receivable, purchase orders, completed work or services not yet billed, chattel paper, notes and other rights to payment, including those consisting of all accounts receivable in respect of services rendered or products sold to customers by the Seller, any other miscellaneous accounts receivable of the Seller, and any claim, remedy or other right of the Seller related to any of the foregoing.

"**Accrued Liabilities**" means any and all Liabilities relating to the Business (i) incurred after the effective time of the Initial Order to the Closing Date but which are not yet due and payable as of the Closing Date and (ii) that apply to goods to be received or services to be provided or other accruals related to the period after the Closing Date.

"**Action**" means any Claim, litigation, action, suit, charge, arbitration or other legal, administrative or judicial proceeding.

"**Additional Orders**" has the meaning set forth in Section 5.1.3.

"**Affiliate**" means, as to any Person, any other Person that directly or indirectly through one or more intermediaries Controls, or is under common Control with, or is Controlled by, such Person.

"**Agreement**" means this Asset Purchase Agreement, including the recitals, and all Schedules attached hereto (as amended and supplemented in accordance with Section 10.5) and all amendments hereto made in accordance with Section 10.8.

"**Ancillary Agreements**" means, in each case in a form reasonably acceptable to the Seller and the Purchaser: (i) bill(s) of sale for the assignment and conveyance of the Assets from the Seller to the Purchaser; (ii) deeds transferring title to the water rights described in Schedule 2.1.1(f) to the Purchaser; (iii) an assignment and assumption agreement for the assignment and assumption of the Assumed Liabilities from the Seller to the Purchaser; and (iv) any necessary agreements to effect the transfer of the Mineral Tenures in accordance with applicable Laws.

"**Approval and Vesting Order**" has the meaning set forth in Section 5.1.2.

"**Assets**" has the meaning set forth in Section 2.1.1.

"**Assigned Contracts**" means those Contracts listed in Schedule 2.1.1(i) hereto.

"**Assumed Liabilities**" has the meaning set forth in Section 2.1.3.

"**Bankruptcy Law**" means the CCAA, the *Bankruptcy and Insolvency Act* (Canada) and the other applicable insolvency Laws.

"**Belcourt Put Option**" has the meaning set forth in Section 2.2.5.

"**Books and Records**" means all accounting records, all other information in any form relating to the Business or Assets, including sales and purchase records, lists of suppliers and customers, lists of potential customers, credit and pricing information, personnel and payroll records of Transferred Employees, Tax records, business reports, plans and projections, production reports and records, inventory reports and records, business, engineering and consulting reports, marketing and advertising materials, research and development reports and records, maps, all plans, surveys, specifications, and as-built drawings relating to the plant, buildings, structures, erections, improvements, appurtenances and fixtures situate on or forming part of the Mineral Tenures, the Owned Real Property and the Leased Real Property, including all such electrical, mechanical and structural drawings related thereto, environmental reports, soil and substratum studies, inspection records, financial records, and all other records, books, documents and data bases recorded or stored by means of any device, including in electronic form, relating to the Business, the Assets and the Transferred Employees that are owned by the Seller provided however that the term "Books and Records" shall not include any of the foregoing items that do not relate to the Assets or to any Employees who are not Transferred Employees.

"**Buildings**" means, individually or collectively, as the context requires, all of the buildings, structures and fixed improvements located at any of the Seller's Mines and owned by the Seller, and improvements and fixtures contained in or on such buildings and structures used in the operation of same, but excluding improvements and fixtures not owned by the Seller.

"**Business**" means the coal production, sales and exportation activities of the Seller carried on in Canada, and all operations, maintenance and other activity related thereto.

"**Business Day**" means a day on which the banks are open for business (Saturdays, Sundays, statutory and civic holidays excluded) in Vancouver, British Columbia, Canada.

"**Business Information**" means all books, records, files, catalogues, data, information (including tangible and intangible information such as drill core, drill logs, assays, metallurgical test work, mine plans and similar information), agreements, operating records, operating, safety and maintenance manuals, engineering and design plans, blueprints and as-built plans, specifications, drawings, reports, procedures, facility compliance plans, test records and results, other records and filings made with regulatory agencies regarding operations of the Business, environmental procedures and similar records, correspondence with present or prospective, customers and suppliers, advertising materials, software programs, documentation and sales literature owned by the Seller that are used or held for use in connection with the Business, including information, policies and procedures, manuals and materials and procurement documentation used in the Business and information received pursuant to Section 2.1.1(b), including all data and documents contained in the Data Site as of the Closing Date, provided however that the term "Business Information" shall not include any of the foregoing items that are not the Property of the Seller, including any items that are the Property of Walter Energy, Inc. or any of its Affiliates or any of their successor and assigns other than the Seller.

"**Cash Collateral**" has the meaning set forth in Section 5.3.8.

"**Cash Collateral Transfer Agreement**" has the meaning set forth in Section 5.3.8.

"**Cash Purchase Price**" has the meaning set forth in Section 2.2.1.

"**CCAA**" has the meaning set forth in the recitals to this Agreement.

"**CCAA Proceedings**" has the meaning set forth in the recitals to this Agreement.

"**Claim**" has the meaning set forth in Section 2(1) of the CCAA.

"**Closing**" has the meaning set forth in Section 2.3.1.

"**Closing Date**" has the meaning set forth in Section 2.3.1.

"**Collective Agreements**" means, collectively, the Construction and Allied Workers' Union, Local 68 collective agreement for the Willow Creek Mine and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union collective agreement for the Wolverine Mine.

"**Competition Act**" means the *Competition Act* (Canada).

"**Confidentiality Agreement**" has the meaning set forth in Section 5.5.1.

"**Consent**" means any approval, authorization, consent, order, license, permission, permit, including any Permit, qualification, exemption or waiver by any Government Entity or other Third Party.

"**Contract**" means any legally binding contract, agreement, obligation, license, undertaking, instrument, lease, ground lease, commitment or other arrangement, whether written or oral.

"**Contract Mining Agreement**" has the meaning set forth in Section 5.3.6.

"**Control**", including, with its correlative meanings, "Controlled by" and "under common Control with", means, in connection with a given Person, the possession, directly or indirectly, of the power to either (i) elect more than 50% of the directors of such Person; or (ii) direct or cause the direction of the management and policies of such Person, whether through the ownership of securities, Contract or otherwise.

"**Court**" has the meaning set forth in the recitals to this Agreement.

"**CRA**" means the Canada Revenue Agency.

"**CRO**" has the meaning set forth in the recitals to this Agreement.

"**Cure Costs**" means all amounts required to remedy any monetary defaults in respect of any Assigned Contract, as set forth in Schedule 2.1.1(i).

"**Current Assets**" means the (i) Inventories, (ii) Accounts Receivable, (iii) Purchased Deposits, and (iv) other current assets of the Business, each as determined in accordance

with generally accepted accounting principles used by Seller applied on a consistent basis, but excluding cash.

"**Data Site**" means the online data room maintained by the Financial Advisor in accordance with the SISP.

"**Deposit**" has the meaning set forth in Section 2.2.3(a).

"Employees" means individuals employed or retained by the Seller as employees, on a full-time, part-time or temporary basis, relating to the Business, including those employees of the Business on disability leave, parental leave or other absence, but excludes any consultants and independent contractors.

"Employee Costs" means (i) notice of termination, termination pay, pay in lieu of notice, severance pay, vacation pay, holiday pay, all forms of wages and compensation and other costs, Liabilities and obligations including entitlement to benefit coverage, stock options or incentive compensation whether due under contract, statute, common law or otherwise relating to the Employees; (ii) any and all obligations and Liabilities in respect of Employees and (iii) any and all obligations and Liabilities in respect of Employees under any Collective Agreement.

"Environment" means the environment or natural environment as defined in any Environmental Laws and includes air, surface water, ground water (including potable water, navigable water and wetlands), land surface, soil, subsurface, subsurface strata, and natural resources.

"**Environmental Law**" means any applicable Law relating to contamination, pollution or protection of the Environment, plant life, animal and fish or other natural resources or human health, including Laws relating to the exposure to, or Releases or threatened Releases of, Hazardous Materials or otherwise relating to the manufacture, presence, processing, distribution, use, treatment, storage, Release, transport, disposal, transfer, discharge, control, recycling, production, generation or handling of Hazardous Materials and all Laws with regard to monitoring, recordkeeping, notification, disclosure and reporting requirements respecting Hazardous Materials, each as amended and as now in effect.

"**Environmental Liabilities**" shall mean any and all Liability arising out of, based on or resulting from (i) the presence, Release, or threatened Release, into the Environment of any Hazardous Materials or substances existing or arising on, beneath or above the Mines and/or emanating or migrating and/or threatening to emanate or migrate from the Mines to other properties; (ii) the storage, disposal, handling or treatment of or the arrangement for the storage, disposal, handling or treatment of Hazardous Materials originating or transported from the Mines to an off-site treatment, storage or disposal facility; (iii) physical disturbance of or harm or injury to the Environment on, beneath or from the Mines, including any reclamation obligations; or (iv) the violation or alleged violation of any Environmental Laws relating to the Mines.

"**Excluded Assets**" has the meaning set forth in Section 2.1.2.

"**Excluded Contracts**" means any Contracts that are not Assigned Contracts.

"**Excluded Liabilities**" has the meaning set forth in Section 2.1.4.

"**Excluded Pre-Closing Fines**" means any monetary fines and penalties to the extent that such monetary fines and penalties arise from or relate to acts or omissions of Seller or the Business occurring on or before the Closing Date, including any monetary fines and penalties for which Seller or any of its Affiliates have received a written notice of violation or notice of claim (or other notice of similar legal intent or meaning) from any Government Entity relating to a violation on or prior to the Closing Date.

"**Equipment**" means all machinery, vehicles, tools, production equipment, servers and networking equipment, handling equipment, furniture, furnishings, computer hardware and peripheral equipment, coal production technology, rail and truck terminal equipment, spare parts, supplies and accessories used in the Business and owned or leased by the Seller, and any of the parts and components thereof and any of the warranties associated therewith.

"**Final Order**" means an action taken or Order issued by the applicable Government Entity as to which: (i) no request for stay of the action or order is pending, no such stay is in effect, and, if any deadline for filing any such request is designated by statute or regulation, it is passed, including any extensions thereof; (ii) no petition for rehearing or reconsideration of the action or order, or protest of any kind, is pending before the Government Entity and the time for filing any such petition or protest is passed; (iii) the Government Entity does not have the action or order under reconsideration or review on its own motion and the time for such reconsideration or review has passed; and (iv) the action or order is not then under judicial review, there is no notice of application for leave to appeal, appeal or other application for judicial review pending, and the deadline for filing such notice of appeal or other application for judicial review has passed, including any extensions thereof.

"**Financial Advisor**" has the meaning set forth in the recitals to this Agreement.

"**Financial Assurances**" means letters of credit in the amount of $22,570,494.00, posted by or on behalf of Seller with various Government Entities to secure Seller's reclamation and other obligations with respect to the Permits, as detailed in Schedule 5.3.8.

"**Government Entity**" means any Canadian, foreign, domestic, federal, territorial, provincial, state, municipal or local governmental authority, quasi-governmental authority, instrumentality, court, government or self-regulatory organization, bureau, board, commission, tribunal or organization or any regulatory, administrative or other agency, or any political or other subdivision, department or branch of any of the foregoing having jurisdiction.

"GST/HST" means goods and services tax, including harmonized sales tax, interest, penalties and fines payable under Part IX of the *Excise Tax Act* (Canada) and the regulations made thereunder.

"**Guarantors**" means, collectively, ERP Compliant Fuels, LLC, a Delaware limited liability company, ERP Compliant Coke, LLC, a Delaware limited liability company, Seneca Coal Resources, LLC, a Delaware limited liability company, and Seminole Coal Resources, LLC, a Delaware limited liability company, , and "Guarantor" shall mean any one of them.

"**Guaranty**" has the meaning given in Section 10.17.

"**Hazardous Materials**" means (i) petroleum, petroleum products, asbestos in any form, mold, urea formaldehyde foam insulation, lead based paints, polychlorinated biphenyls or any other material or substance regulated pursuant to Environmental Laws; and (ii) any solid, liquid, gas, sound, vibration, odour, mine tailings, chemical, material or other substance, contaminant or pollutant which is regulated, prohibited, limited, defined, designated or listed or otherwise characterized, alone or in any combination, as "hazardous", "hazardous waste", "solid waste", "radioactive", "deleterious", "effluent", "toxic", "caustic", "dangerous", a "contaminant", a "pollutant", a "waste", a "special waste", a "source of contamination" or "source of pollution", or words of similar meaning, under any Environmental Law.

"**Indemnification Security Interest**" has the meaning given in Section 5.3.10.

"**Initial Order**" has the meaning set forth in the recitals to this Agreement.

"**Intellectual Property**" means intellectual property of the Seller of any nature and kind including all domestic and foreign trade-marks, business names, trade names, domain names, trading styles, patents, trade secrets, confidential information, software, industrial designs and copyrights, whether registered or unregistered, and all applications for registration thereof, and inventions, formulae, recipes, product formulations and chemistries, processes and processing methods, technology and techniques and know-how, provided however that the term "Intellectual Property" shall not include any of the foregoing items that are not the Property of the Seller, including any items that are the Property of Walter Energy, Inc. or any of its Affiliates or any of their successor and assigns other than the Seller, such as any name using word "Walter" or the phrase "Walter Energy".

"**Interest**" means any legal or equitable assertion of right in Property, including a royalty, production royalty, restrictive covenant, or assertion of a right or interest in a percentage of income, production, minerals, profit, revenue, payment or sale, or any other right of payment asserted in the nature of a royalty or interest, including any interest.

"**Investment Canada Act**" means the *Investment Canada Act* (Canada).

"**Inventories**" means all inventory of any kind or nature, merchandise, stockpiles and goods, related to the Business and maintained, held or stored by or for Seller on the Closing Date, whether or not prepaid, and wherever located, held or owned, and any prepaid deposits for any of the same, including all coal inventory located upon or within Seller's Property or belonging to Seller, disposables and consumables used, or held for use, in connection with the Business, including any goods in transit.

"**Knowledge**" or "**aware of**" or "**notice of**" or a similar phrase shall mean, with reference to the Seller, the actual knowledge of those Persons listed in Schedule 1.1(a) after reasonable inquiry, and with reference to the Purchaser, the actual knowledge of those Persons listed in Schedule 1.1(a) after reasonable inquiry.

"**Law**" means any foreign, domestic, federal, territorial, state, provincial, local, regional or municipal statute, law, common law, ordinance, rule, bylaw, regulation, Order, writ, injunction, directive, judgment, decree, code, policy standard, criteria, condition or guideline having the force of law.

"**Leased Real Property**" means real property which is used by the Seller relating to the Business or Assets and which is leased, subleased, licensed to or otherwise occupied by the Seller and excludes Owned Real Property.

"**Leases**" means all unexpired leases, leasing agreements, licenses or other occupancy or rental agreements.

"**Liabilities**" means any and all debts, liabilities, obligations and Claims, whether accrued or fixed, absolute or contingent, matured or unmatured or determined or undeterminable, including those arising under any Law or Action and those arising under any Contract or otherwise, including any Tax liability, or under Environmental Laws.

"**Licensed Intellectual Property**" means all Intellectual Property licensed by the Seller or which it has the right to use, excluding the Owned Intellectual Property, and is used in the Business, including the software and the Intellectual Property listed in Schedule 2.1.1(l).

"**Lien**" means, as to all Assets, any lien, Interests, mortgage, deed of trust, judgment lien, pledge or security interest, hypothec (including legal hypothecs), encumbrance, floating charge, mechanic's lien, builder's lien, materialmen's lien, servitude, easement, encroachment, right-of-way, restrictive covenant on real or immovable property, real property license, other real property rights in favor of Third Parties, charge, prior claim, Lease, statutory or deemed trust or conditional sale arrangement, including the Administration Charge, the Directors' Charge, the KERP Charge, the Success Fee Charge, and the Intercompany Charge (each as defined in the Initial Order and the SISP Order, as applicable).

"**LOC Issuer**" has the meaning set forth in Section 5.3.8.

"**Mines**" means the Seller's Wolverine, Brule and Willow Creek mines, and all Mineral Tenures related to such mines.

"**Mineral Tenures**" means the mineral claims, mining leases, mining licenses, coal licenses, coal leases, recorded claims, leased claims, leases of recorded claims, locations, quartz claims, placer claims, placer leases, undersurface rights and other mining rights, tenures and concessions of which the Seller is the recorded holder related to the Mines, Business or Assets, including those Mineral Tenures listed in Schedule 2.1.1(a).

"**Monitor**" has the meaning set forth in the recitals to this Agreement.

"**Monitor's Certificate**" means a certificate signed by the Monitor and confirming that (i) the Purchaser has paid, and the Monitor has received payment of, the Cash Purchase Price in relation to the purchase by the Purchaser of the Assets; and (ii) the conditions to be complied with at or prior to the Closing as set out in Article 5 and Article 7, respectively, have been satisfied or waived by the Seller or the Purchaser, as applicable.

"**Notifiable Transactions Regulations**" means the notifiable transactions regulations SOR/87-348 made under the Competition Act.

"**Order**" means any order, injunction, judgment, decree, direction, instructions, ruling, writ, assessment, arbitration award or penalties or sanctions issued, filed or imposed by any Government Entity.

"**Ordinary Course**" means the ordinary course of the Business consistent with past practice, as such practice is, or may have been, modified as a result of the CCAA Proceedings.

"**Owned Intellectual Property**" means all Intellectual Property which is owned by the Seller and used in the Business, including the software and the Intellectual Property listed in Schedule 2.1.1(l).

"**Owned Real Property**" means real property currently used in or reasonably required for the Business, owned or purported to be owned in fee simple by the Seller, and real property currently used in or reasonably required for the Business, other than Leased Real Property, in which the Seller has an interest.

"**Parties**" has the meaning set forth in the recitals to this Agreement.

"**Permit**" means any approval, license, authorization, certificate, consent, decree, consent decree, registration, exemption, permit (including where applicable, export permit), certificate of authorization, environmental assessment certificate, waste management plan, operational certificate, approval in principle, certificate of compliance, voluntary remediation agreement, mine development permit or other Government Entity approval required by applicable Law required (i) to conduct the Business; or (ii) in relation to the Assets, including those dealing with mining, reclamation, air, water, effluent, explosives, special use and Environmental Laws.

"**Permitted Encumbrances**" means (i) statutory Liens for Taxes or governmental assessments, charges or claims the payment of which is not yet due, or for Taxes which are being contested in good faith by appropriate proceedings; (ii) any other Liens set forth in Schedule 1.1(b); and (iii) zoning, entitlement, building and land use regulations, minor defects of title, servitudes, easements, rights of way, restrictions and other similar charges or encumbrances which do not impair in any material respect the use or the value of the Assets or Business, and which are not listed as Excluded Assets, but excluding the Administration Charge, the Directors' Charge, the KERP Charge, the Success Fee Charge, and the Intercompany Charge.

"**Person**" means an individual, a partnership, a corporation, an association, a limited or unlimited liability company, a joint stock company, a trust, a joint venture, an unincorporated organization or other legal entity or Government Entity.

"**Personal Information**" means information in the possession or under the control of the Seller about an identifiable individual;

"**Property**" means any interest in any kind of property or asset, whether real (including chattels real), personal or mixed, movable or immovable, tangible or intangible.

"**PST**" means any tax, interest, penalties and fines payable under the *Provincial Sales Tax Act* (British Columbia) and the regulations made thereunder.

"**Purchase Price**" has the meaning set forth in Section 2.2.1.

"**Purchased Deposits**" means (i) the unused portion of amounts prepaid by or on behalf of the Seller with respect to any Assigned Contracts acquired by the Purchaser at the Closing, (ii) the unused portion of any amounts prepaid by or on behalf of the Seller in respect of any Permits, (iii) the unused portion of any amounts prepaid by or on behalf of the Seller in respect of any real property or other Taxes, (iv) all deposits (including customer deposits and security deposits for rent, electricity and otherwise) and prepaid charges and expenses of the Seller, and (v) the unused portion of any amounts prepaid by or on behalf of the Seller in respect of any insurance premiums for insurance policies set forth on Schedule 2.1.1(h) that are Assets, (including in each of the foregoing cases the right to receive any refund of any unutilized amounts thereof), including without limit those set forth on Schedule 2.2.1; provided however that the term "Purchased Deposits" shall not include any deposits or prepaid charges and expenses paid in connection with or relating exclusively to any Excluded Assets, and any amounts or value paid by or on behalf of the Seller in respect of any Liabilities associated with employment matters.

"**Purchaser**" has the meaning set forth in the preamble to this Agreement.

"**Purchaser's Certificate**" has the meaning given in Section 5.3.10.

"**Real Property**" means, collectively, the Owned Real Property and the Leased Real Property.

"**Release**" means any release, spill, emission, discharge, leaking, pouring, emptying, escaping, pumping, dumping, injection, deposit, disposal, dispersal, leaching, spraying, abandonment, throwing, placing or migration into the indoor or outdoor Environment or into or out of any Property.

"**Required Consents**" has the meaning set forth in Section 7.1(d).

"**Sale Hearing**" has the meaning set forth in Section 5.1.2.

"**Securities Commissions**" means, collectively, the securities commissions or similar securities regulatory authorities of all of the Provinces of Canada.

"**Securities Laws**" means all securities Laws applicable to either the Seller or the Purchaser or their parent companies.

"**Seller**" has the meaning set forth in the preamble to this Agreement.

"**SISP**" has the meaning set forth in the recitals to this Agreement.

"**SISP Order**" has the meaning set forth in the recitals to this Agreement.

"**Subsidiary**" of any Person means any Person Controlled by such first Person.

"**Successful Bid**" has the meaning set forth in the SISP

"**Tax**" means any domestic or foreign federal, state, local, provincial, territorial or municipal taxes or other impositions by any Government Entity, including Transfer Taxes and the following taxes and impositions: net income, gross income, capital, value added, goods and services, capital gains, alternative, net worth, harmonized sales, gross receipts, sales, use, ad valorem, business rates, transfer, franchise, profits, business, environmental, real or immovable property, municipal, school, Canada Pension Plan, withholding, workers' compensation levies, payroll, employment, unemployment, employer health, occupation, social security, excise, stamp, customs, and all other taxes, fees, duties, assessments, deductions, contributions, withholdings or charges of the same or of a similar nature, however denominated, together with any interest and penalties, fines, additions to tax or additional amounts imposed or assessed with respect thereto.

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations promulgated thereunder.

"**Tax Authority**" means any local, municipal, governmental, state, provincial, territorial, federal, including any Canadian or other fiscal, customs or excise authority, body or officials anywhere in the world with responsibility for, and competent to impose, collect or administer, any form of Tax.

"**Tax Returns**" means all returns, reports (including elections, declarations, disclosures, statements, schedules, estimates and information returns) and other information filed or required to be filed with any Tax Authority relating to Taxes.

"**Third Party**" means any Person that is neither a Party nor an Affiliate of a Party.

"**Transaction Documents**" means this Agreement, the Ancillary Agreements and all other ancillary agreements to be entered into, or documentation delivered by, any Party pursuant to this Agreement.

"**Transaction Orders**" has the meaning set forth in Section 5.1.4.

"**Transfer Approvals**" has the meaning set forth in Section 5.3.5.

"**Transfer Documents**" has the meaning set forth in Section 5.3.5.

"**Transfer Taxes**" means all goods and services, sales, excise, use, transfer, gross receipts, documentary, filing, recordation, value-added, stamp, stamp duty reserve, and all other similar taxes, duties or other like charges, however denominated, in each case including interest, penalties or additions attributable thereto whether or not disputed, arising out of or in connection with the transactions provided for herein, regardless of whether the Government Entity seeks to collect the Transfer Tax from the Seller or the Purchaser, including GST/ HST and PST.

"Transferred Employees" means (i) the unionized Employees listed in Schedule 5.9.1 not terminated as of the date of execution of this Agreement and (ii) all Employees who accept the Purchaser's offer of employment made pursuant to Section 5.9.1.

"**Walter Energy Canada**" has the meaning set forth in the recitals to this Agreement.

1.2 Interpretation

1.2.1 Gender and Number

Any reference in this Agreement to gender includes all genders and words importing the singular include the plural and vice versa.

1.2.2 Certain Phrases and Calculation of Time

(a) In this Agreement (i) the words "including" and "includes" mean "including (or includes) without limitation" and shall not be construed to limit any general statement that it follows to the specific or similar items or matters immediately following it; (ii) the terms "hereof", "herein", "hereunder" and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement and not to any particular provision of this Agreement, and Article, Section, paragraph, and Schedule references are to the Articles, Sections, paragraphs, and Schedules to this Agreement unless otherwise specified; and (iii) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding". If the last day of any such period is not a Business Day, such period will end on the next Business Day.

(b) When calculating the period of time "within" which, "prior to" or "following" which any act or event is required or permitted to be done, notice given or steps taken, the date which is the reference date in calculating such period is excluded from the calculation. If the last day of any such period is not a Business Day, such period will end on the next Business Day.

1.2.3 Headings

The inclusion of a table of contents, the division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and are not to affect or be used in the construction or interpretation of this Agreement. All references in this Agreement to any "Section" are to the corresponding Section of this Agreement unless otherwise specified.

1.2.4 Currency

Other than the Purchase Price and the Deposit, which are stated in United States currency, all monetary amounts in this Agreement, including the symbol "$", unless otherwise specifically indicated, are stated in Canadian currency. All calculations and estimates to be performed or undertaken, unless otherwise specifically indicated, are to be expressed in Canadian currency. Other than the Purchase Price and the Deposit, any other payments required under this Agreement shall be paid in Canadian currency in immediately available funds, unless otherwise specifically indicated herein.

1.2.5 Statutory References

Unless otherwise specifically indicated, any reference to a statute in this Agreement refers to that statute and to the regulations made under that statute as in force from time to time.

1.2.6 Schedules

All Schedules attached hereto or referred to herein, as may be amended or supplemented in accordance with Section 10.5, are hereby incorporated in and made a part of this Agreement as if set in full herein. Any capitalized terms used in any Schedule but not otherwise defined therein shall be defined as set forth in this Agreement.

ARTICLE 2
PURCHASE AND SALE OF ASSETS

2.1 Purchase and Sale

2.1.1 Assets

Subject to the terms and conditions of this Agreement, at the Closing, the Purchaser shall purchase and cause to be assigned and assumed from the Seller, and the Seller shall sell, transfer, assign, convey and deliver to the Purchaser all of its right, title and interest in and to all the Property and assets of the Seller (other than the Excluded Assets), wherever located, real, personal or mixed, tangible or intangible, owned, leased, licensed, used or held for use in or relating to the Business (herein collectively called the "**Assets**") free and clear of all Liens (other than Permitted Encumbrances) pursuant to the Approval and Vesting Order, when granted, including, but not limited to, all right, title and interest of the Seller in, to and under:

(a) the Mineral Tenures, including the Mineral Tenures listed in Schedule 2.1.1(a);

(b) the Business Information, subject to Section 2.1.2(b);

(c) the Consents of Government Entities (including those listed in Schedule 7.1(d)) to the extent transferable at Law including all Permits listed in Schedule 2.1.1(c) and all pending applications for Permits;

(d) all Current Assets, but not including any rights described in Section 2.1.2(d);

(e) all Books and Records, including copies of Tax records related to the Assets and the Business;

(f) all water rights, permits, Consents and other riparian rights of any kind relating to the Business, the Mines, or the Mineral Tenures, including all rights and interests listed in Schedule 2.1.1(f);

(g) if Seller exercises the Belcourt Put Option pursuant to Section 2.2.5, all partnership interests, marketable shares and securities of Belcourt Saxon Coal Limited Partnership and Belcourt Saxon Coal Ltd. ("**Seller's Belcourt Interests**") (the mineral tenures and other principal assets of Belcourt Saxon Coal Limited Partnership and Belcourt Saxon Coal Ltd. are described in Schedule 2.1.1(g));

(h) property and casualty insurance policies and such other insurance policies as are listed on Schedule 2.1.1(h) (excluding any director and officer insurance policies) and the right to receive insurance recoveries under such policies in respect of losses after the Closing;

(i) all Assigned Contracts;

(j) the Buildings;

(k) the Equipment;

(l) the Owned Intellectual Property and the Licensed Intellectual Property;

(m) the Owned Real Property and the Leased Real Property; and

(n) the Cash Collateral.

It is the intention of the parties that Purchaser acquire, lease or sublease all Assets, properties and rights of Seller and its Affiliates related to the Business, including all mining, processing, loading, transporting, marketing, and selling of coal and all reclamation activities, but excluding the Excluded Assets.

2.1.2 Excluded Assets

Notwithstanding anything in this Section 2.1 or elsewhere in this Agreement or in any of the other Transaction Documents to the contrary, the Seller shall retain its right, title and interest in and to, and the Purchaser shall not acquire and shall have no rights or obligations or Liabilities with respect to the right, title and interest of the Seller in and to, the following assets (collectively, the "**Excluded Assets**"):

(a) all rights of the Seller under this Agreement and the Ancillary Agreements;

(b) all records prepared in connection with the sale of the Assets to the Purchaser, all records and information in the possession of the Seller but not owned by the Seller and all corporate, financial and taxation records of the Seller and records of the Seller that do not relate to the Business, provided that the Business Information contained in the Data Site will be transferred as stated in Section 2.1.1(b) above;

(c) any assets set forth in Schedule 2.1.2(c), as may be amended or supplemented in accordance with Section 10.5;

(d) any deposits associated with Contracts that are not Assigned Contracts (other than such Purchased Deposits as are listed on Schedule 2.2.1) and any deposits held in trust accounts to secure payment of the reasonable fees and disbursements of the Monitor, the Financial Advisor and any professional advisors of the Seller and of the Monitor, any deposits provided to any Government Entity in respect of Tax Liabilities (other than in respect of real property Taxes), and any amounts paid by or on behalf of the Seller in respect of any employment Liabilities;

(e) following the Closing, copies of any book, record, literature, list and any other written or recorded information constituting Business Information (the original of which has already been assigned or transferred to Purchaser) to which the Seller in good faith determines it is reasonably likely to need to access for bona fide Tax or legal purposes;

(f) all information, materials, documents, reports and/or records, whether written or electronic, prepared by the Seller's legal counsel, whether or not prepared before or after Closing, that is attorney-client privileged and any and all attorney work product;

(g) marketable shares, notes, bonds, debentures or other securities of or issued by corporations, or other Persons, which are related or not related to the Business and certificates or other evidences of ownership thereof owned or held by or for the account of the Seller and all shares in other Affiliate corporations or partnership units of Affiliate partnerships that are legally or beneficially owned by the Seller, provided that if the Belcourt Put Option is exercised, the Seller's Belcourt Interests shall be excluded from this provision and included in the Assets;

(h) extra-provincial, sales, excise or other licences or registrations issued to or held by the Seller, whether relating to the Business or otherwise to the extent not transferable;

(i) any known or unknown Claims any Seller may have against any Person other than a Claim for Accounts Receivable;

(j) refunds in respect of reassessments for Taxes relating to the Business or Assets paid prior to the Closing;

(k) refundable Taxes;

(l) director and officer insurance policies and the right to receive insurance recoveries under (i) any insurance policies for losses that occurred prior to Closing and (ii) any director and officer insurance policies in respect of any matters at any time;

(m) any letters of credit posted by or on behalf of the Seller;

(n) all cash, cash equivalents, bank balances, and moneys in possession of banks, the Monitor and other depositories, but excluding the Cash Collateral;

(o) any equity or other interest in the Wales operations or assets of Cambrian EnergyBuild Holdings ULC;

(p) Contracts relating to the foregoing provided that they are not Assigned Contracts; and

(q) Excluded Contracts.

2.1.3 Assumed Liabilities

On the terms and subject to the conditions set forth in this Agreement, at the Closing, the Purchaser shall assume and become responsible for, and perform, discharge and pay when due, the following Liabilities (the "**Assumed Liabilities**"):

(a) all Liabilities of the Seller in respect of the Mineral Tenures which are assumed and assigned pursuant to the Approval and Vesting Order arising from and after the Closing;

(b) all Liabilities for, or related to any obligation for, any Tax that the Purchaser bears under Article 6 (including, for the avoidance of doubt, Transfer Taxes imposed in connection with this Agreement and the transactions contemplated hereunder or any other Transaction Document and the transactions contemplated thereunder);

(c) all Liabilities with respect to the post-Closing operation of the Business or ownership of the Assets;

(d) all Liabilities (i) arising from or in connection with any Assigned Contracts from and after the Closing Date (or breach thereof from and after the Closing Date), and (ii) any Cure Costs associated with such Assigned Contracts up to a maximum of [redacted] (with Seller paying all Cure Costs above such amount);

(e) all amounts payable or Liabilities that must be assumed to obtain the Consents or Transfer Approvals, including filing and other fees related thereto, but excluding (i) any penalties or interest and (ii) any expenses incurred by Seller other than those expenses of the Seller that are to be paid, reimburse or otherwise satisfied by the Purchaser hereunder, including as set out in Article 5;

(f) all Environmental Liabilities, other than Excluded Pre-Closing Fines;

(g) All Liabilities arising from and after the Closing Date with respect to the Purchaser's employment or termination of employment of any Transferred Employees; and

(h) All Accounts Payable and Accrued Liabilities.

2.1.4 Excluded Liabilities

Except for the Assumed Liabilities, the Purchaser shall not assume and shall not be responsible for any of the Liabilities of the Seller, whether present or future, known or unknown, absolute or contingent and whether or not relating to the Business or the Assets (collectively, the "**Excluded Liabilities**").

2.2 Purchase Price

2.2.1 Purchase Price

Pursuant to the terms and subject to the conditions set forth in this Agreement, in consideration of the sale of the Assets pursuant to the terms hereof, the Purchaser shall (i) pay to the Seller an amount equal to [redacted] cash plus an amount in cash [redacted] converted to U.S. Dollars on the Closing Date at the rate quoted by the Bank of Nova Scotia in respect of the Purchased Deposits at Closing plus any Cure Costs up to a maximum [redacted] (the "**Cash Purchase Price**"), which Cash Purchase Price shall be adjusted as set out in Section 2.2.5 in the event Seller does not exercise the Belcourt Put Option; and (ii) assume from the Seller and become obligated to pay, perform and discharge, when due, the Assumed Liabilities ((i) and (ii), collectively, the "**Purchase Price**").

2.2.2 Allocation of Purchase Price

The Purchase Price will be allocated among the Assets in accordance with Schedule 2.2.2, and the values so attributed to the Assets are the respective fair market values thereof. The Seller and the Purchaser shall cooperate in the preparation of and execute any elections and agreements that may be necessary or desirable under any Tax Laws to give effect to the allocations described in Schedule 2.2.2, and the Seller and the Purchaser shall prepare and file their respective Tax returns in a manner consistent with those allocations, elections and agreements.

2.2.3 Deposit

(a) Contemporaneously with the execution and delivery of this Agreement by the Purchaser, the Purchaser has paid a deposit payable to the order of the Monitor, in [redacted] (the "**Deposit**").

(b) The Deposit shall be held, pending Closing, by the Monitor in an interest bearing account with a bank.

(c) If the Closing does not occur by reason of the material uncured default of the Purchaser, the full amount of the Deposit (plus accrued interest), less any applicable withholding Tax, shall become the property of and be retained by the Monitor on behalf of the Seller as liquidated damages and not as a penalty. The Seller's recourse against the Purchaser and the Guarantors in such circumstances shall be limited to the right of the Monitor on behalf of the Seller to retain the Deposit and to seek recovery of an additional amount for any actual damages of Sellers, provided however that the recovery for such additional damages is not to exceed [redacted] incurred as a result of such failure to Close.

(d) If the Closing does not occur for any reason other than the default of the Purchaser, the full amount of the Deposit (plus accrued interest), less any applicable withholding Tax, shall be returned by the Monitor to the Purchaser and the Purchaser shall have no further recourse against the Seller.

2.2.4 Satisfaction of Purchase Price

The Purchaser shall satisfy the Purchase Price at the Closing Date as follows:

(a) by the assumption by the Purchaser of the Assumed Liabilities;

(b) by release of the Deposit by the Monitor to the Seller; and

(c) by payment to the Monitor on behalf of the Seller by wire transfer of the Cash Purchase Price less the amount of the Deposit to an account specified in writing by the Monitor.

2.2.5 Belcourt Put Option

Seller shall have the option (the "**Belcourt Put Option**"), exercisable within 60 days following the Closing, to cause Purchaser to purchase Seller's Belcourt Interests for a cash payment of [redacted], *provided* Seller presents satisfactory evidence by written notice to Purchaser that all requirements of each applicable joint venture agreement to permit the sale of Seller's Belcourt Interests to Purchaser have been satisfied or waived. The Monitor shall retain [redacted] the Cash Purchase Price attributed to the Seller's Belcourt Interests and shall not disburse that amount until the earlier of:

(a) the day that the Seller notifies Purchaser that it has exercised the Belcourt Put Option,

(b) the day that is 61 days following the Closing, and

(c) the day that the Seller provides notice to Purchaser that Seller has determined, acting reasonably, that the Belcourt Put Option cannot be exercised .

If the Belcourt Put Option is exercised, [redacted] of the Cash Purchase Price attributed to the Seller's Belcourt Interests shall become the property of and be retained by the Monitor on behalf of the Seller.

In the event that the Belcourt Put Option is not exercised, the Monitor shall pay to the Purchaser [redacted] of the Cash Purchase Price attributed to the Seller's Belcourt Interests in the case of circumstances in clause (b) of the foregoing sentence, within 1 Business Day of the day specified therein, and in the case of circumstances in clause (c) of the foregoing sentence, within 5 Business Days of the day specified therein; in each case, the Cash Purchase Price shall be reduced accordingly.

Any payments due after the Closing Date but prior to the exercise of the Belcourt Put Option in respect of the Mineral Tenures relating to Seller's Belcourt Interests shall be paid by the Seller, provided however that the Purchaser shall reimburse Seller for any such payments if the Belcourt Put Option is exercised, such reimbursement to be made within 5 Business Days of the exercise

of the Belcourt Put Option by wire transfer of immediately available funds to the account specified by the Monitor.

2.3 Closing

2.3.1 Place of Closing

The completion of the purchase and sale of the Assets and the assumption of the Assumed Liabilities (the "**Closing**") shall take place at the offices of DLA Piper (Canada) LLP, 666 Burrard Street, Vancouver, British Columbia, commencing at 10:00 a.m. local time on a mutually agreed upon date (which date shall be no later than September 15, 2016) no later than two Business Days after the day upon which all of the conditions set forth under Article 7 (other than conditions to be satisfied at the Closing, but subject to the waiver or fulfillment of those conditions) have been satisfied or, if permissible, waived by the Seller and/or the Purchaser (as applicable), or at such other place and on such other date and at such other time as shall be mutually agreed upon in writing by the Purchaser and the Seller (the day on which the Closing takes place being the "**Closing Date**"). Legal title, equitable title and risk of loss with respect to the Assets will transfer to the Purchaser, and the Assumed Liabilities will be assumed by the Purchaser at the Closing.

2.3.2 Actions and Deliveries At Closing

At the Closing:

(a) the Purchaser shall pay to the Monitor, on behalf of the Seller, in cash, the Cash Purchase Price less the Deposit, by wire transfer of immediately available funds to an account or accounts designated by the Monitor;

(b) the Seller and the Purchaser shall deliver duly executed copies of and enter into the Transaction Documents to which it is contemplated that they will be parties, respectively;

(c) the Purchaser shall deliver the officer's certificates required to be delivered pursuant to Section 7.2(a) and Section 7.2(b);

(d) the Seller shall deliver the officer's certificates required to be delivered pursuant to Section 7.3(a) and Section 7.3(b);

(e) the Seller shall deliver a certified copy of the Approval and Vesting Order; and

(f) each Party shall deliver, or cause to be delivered, to the other any other documents reasonably requested by such other Party in order to effect, or evidence the consummation of, the transactions contemplated herein or otherwise provided for under this Agreement, provided however that all material physical or electronic deliveries required hereunder to be made by the Seller shall be at the Purchaser's expense to the extent the aggregate actual out-of-pocket cost of such deliveries exceeds $5,000.00.

2.3.3 Delivery of the Monitor's Certificate

When the conditions set out in Article 5 and Article 7, as applicable, have been satisfied or waived, the Purchaser and Seller will each deliver to the Monitor written confirmation of same, following which the Monitor will deliver an executed copy of the Monitor's Certificate to the Purchaser's counsel in escrow upon the sole condition of receipt by the Monitor of the amount referred to in Section 2.2.1 that is required to be paid at the Closing Date. Following written confirmation of receipt by the Monitor of such funds, the Monitor's Certificate will be released from escrow to the Purchaser. Upon such delivery, the Closing will be deemed to have occurred. The Monitor will file a copy of the Monitor's Certificate with the Court and provide evidence of such filing to the Purchaser.

2.3.4 Non-Assignable Rights

Nothing in this Agreement shall be construed as an assignment of, or an attempt to assign to the Purchaser, any Contract, Permit or Consent which, as a matter of law or by its terms, is (i) not assignable, or (ii) not assignable without the approval or consent of the issuer thereof or the other party or parties thereto or a Court Order, without first obtaining such approval, consent or a Court Order (collectively "**Non-Assignable Rights**"). In connection with such Non-Assignable Rights, the Seller shall, at the request of the Purchaser:

(a) use commercially reasonable efforts to assist the Purchaser in applying for and use commercially reasonable efforts to assist the Purchaser in obtaining any of the approvals, Consents or Permits contemplated in Section 5.3, provided that nothing shall require the Seller to make any payment to any Person in order to obtain such approvals, Consents or Permits; and

(b) if the Seller is unable to obtain any Consent necessary for the assignment of any Assigned Contract at the Purchaser's request to be made on or prior to the later of August 20, 2016 or the date that is 12 days prior to the Closing Date, use commercially reasonable efforts to obtain a Court Order prior to the Closing Date, in form and substance reasonably satisfactory to the Purchaser, authorizing the assignment of such Assigned Contract, subject to the payment by the Purchaser and Seller, as set forth herein, of all amounts required to remedy any monetary defaults in respect of such Assigned Contract; and

(c) to the extent permitted by applicable Law, co-operate with the Purchaser in any reasonable arrangements designed to provide the benefits of such Non-Assignable Rights to the Purchaser, which may include holding specified Non-Assignable Rights in trust for the Purchaser or acting as agent for the Purchaser for a period of two months following the Closing Date or such longer period as the Seller, at its discretion, may agree, provided that, during such period, the Purchaser shall perform the obligations of the Seller under such specified Assigned Contract and be entitled to receive all money becoming due or payable under, and other benefits derived from, the specified Assigned Contract immediately upon receipt by the Seller.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser hereby represents and warrants to the Seller as follows:

3.1 Organization and Corporate Power

3.1.1 The Purchaser is duly organized and validly existing under the Laws of the jurisdiction in which it is organized. The Purchaser has the requisite corporate power and authority to enter into, deliver and perform its obligations pursuant to each of the Transaction Documents to which it is or will become a party.

3.1.2 The Purchaser is qualified to do business as contemplated by this Agreement and the other Transaction Documents and to own or lease and operate its properties and assets, including the Assets, except to the extent that the failure to be so qualified would not materially hinder, delay or impair the Purchaser's ability to carry out its obligations under, and to consummate the transactions contemplated by, this Agreement and the Ancillary Agreements to which it is or will become a party.

3.2 Authorization; Binding Effect; No Breach

3.2.1 The execution, delivery and performance of each Transaction Document to which the Purchaser is a party, or is to be a party to, have been, or will be, duly authorized by the Purchaser at the time of its execution and delivery. Assuming due authorization, execution and delivery by the Seller, each Transaction Document to which the Purchaser is a party constitutes, or upon execution thereof will constitute, a valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its respective terms, except as such enforceability is limited by bankruptcy, insolvency, reorganization, moratorium or similar Laws now or hereafter in effect relating to creditors' rights generally or general principles of public policy.

3.2.2 The execution, delivery and performance by the Purchaser of the Transaction Documents to which the Purchaser is, or on the Closing Date will be, a party do not and will not conflict with or result in a breach of the terms, conditions or provisions of, constitute a default under, result in a violation of, or require any Consent (other than the any action by or declaration or notice to any Government Entity) pursuant to (i) the articles, charter, by-laws, partnership agreement or operating agreement of the Purchaser; (ii) any material Contract or other document to which the Purchaser is a party or to which any of its assets is subject; or (iii) any Laws to which the Purchaser or any of its assets is subject, except, in the case of (ii) and (iii) above, for such defaults, violations, actions and notifications that would not individually or in the aggregate materially hinder, delay or impair the performance by the Purchaser of any of its obligations under any Transaction Document.

3.3 Brokers

Except for fees and commissions that will be paid by the Seller out of the Cash Purchase Price, no broker, finder or investment banker is entitled to any brokerage, finder's or similar fee or commission in connection with the transactions contemplated by this Agreement and the other Transaction Documents based upon arrangements made by or on behalf of the Purchaser or any of its Affiliates.

3.4 GST/HST Registration

The Purchaser shall be duly registered as of the Closing for the purposes of the Tax imposed under Part IX of the *Excise Tax Act* (Canada) and shall provide to the Seller its registration number no later than 10 days prior to Closing.

3.5 Financing

The Purchaser has now, and at all times from the date hereof through and after the Closing Date, will have, sufficient funds available to pay the Cash Purchase Price and all other amounts payable under the Transaction Documents and to otherwise consummate the transactions contemplated hereby and thereby, and to pay all fees and expenses related thereto and to perform all obligations when due under the Assigned Contracts. The Purchaser acknowledges that its obligations under this Agreement and the other Transaction Documents are not subject to any conditions regarding its ability to obtain financing for any portion of the foregoing amounts. In addition, the Guarantors agree, on a joint and several basis, to guarantee the payment and performance of all of Purchaser's obligations hereunder, under the other Transaction Documents and pursuant to any Assigned Contracts.

3.6 Regulatory, Transfer and Other Approvals

Except for the Transfer Approvals, and entry of the Approval and Vesting Order, to the best of the Purchaser's Knowledge, no notice, filing, authorization, approval, Order or consent is required to be given, filed or obtained by the Purchaser to or from any Government Entity or Third Party in connection with the execution, delivery and performance by the Purchaser of this Agreement or the transactions contemplated hereby.

3.7 Purchaser's Qualifications to Obtain Transfer Approvals and Hold Permits

The Purchaser, after diligent review is aware of no facts that would prevent the issuance of Transfer Approvals from any Government Entities for the transfer of the Permits from the Seller to the Purchaser or for the obtaining of replacement Permits by the Purchaser for those Permits presently held by the Seller that are not transferable.

3.8 Investment Canada Act; Competition Act

The Purchaser is a "Canadian" or a "WTO Investor" within the meaning of the Investment Canada Act, and the regulations thereunder. [redacted].

3.9 No Other Representations or Warranties

3.9.1 Notwithstanding anything contained in this Agreement to the contrary, the Purchaser acknowledges and agrees that none of the Seller or any other Person (including the CRO, the Financial Advisor, the Monitor or any of their advisors) is making any representations or warranties whatsoever, express or implied, beyond those expressly given by the Seller in Article 4, or with respect to any other information provided to

the Purchaser in connection with the transactions contemplated hereby, including as to the probable success or profitability of the ownership, use or operation of the Business, title to the Assets, the Employees (including any representation and warranty that any of the Employees will accept an offer of employment), the Assumed Liabilities, or as to the accuracy or completeness of any information regarding any of the foregoing that any Seller, or any other Person, furnished or made available to the Purchaser or its representatives. The Purchaser further represents that none of the Seller or any other Person has made any representation or warranty, express or implied, as to the accuracy or completeness of any information regarding the Seller, the Business or the transactions contemplated by this Agreement not expressly set forth in this Agreement, and none of the Seller or any other Person will have or be subject to liability to the Purchaser or any other Person resulting from the distribution to the Purchaser or its representatives or the Purchaser's use of any such information, including Data Site information provided to the Purchaser or its representatives, in connection with the sale of the Business. The Purchaser acknowledges that it has conducted to its satisfaction its own independent investigation of the Business and the Assets and, in making the determination to proceed with the transactions contemplated by this Agreement, the Purchaser has relied solely on the results of its own independent investigation.

3.9.2 The Purchaser acknowledges and agrees that, in determining whether to enter into this Agreement, Purchaser (i) has had an opportunity to conduct any and all due diligence regarding the Assets, the Business and the Assumed Liabilities prior to the execution of this Agreement and that the obligations of the Purchaser are not conditional upon any additional due diligence; (ii) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Assets to be acquired and obligations and Liabilities to be assumed in entering into this Agreement; and (iii), except for the representations and warranties set out in Article 4, did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of Law or otherwise) from or by the Seller, the CRO, the Monitor, any of their Affiliates or any partner, employee, officer, director, accountant, agent, financial, legal or other representative of any of the Seller, the CRO, the Monitor or any of their Affiliates, regarding the Assets to be acquired or the Assumed Liabilities or the completeness of any information provided in connection therewith, except as expressly stated herein.

3.9.3 The Purchaser acknowledges and agrees that the enforceability of this Agreement against the Seller is subject to entry of the Approval and Vesting Order.

3.10 As Is Where is Transaction

The Purchaser hereby acknowledges and agrees that, except as otherwise expressly provided in Article 4 of this Agreement, the Seller makes no representations or warranties whatsoever, express or implied, with respect to any matter relating to the Assets, the Business, the Mines and Seller's ownership and operation thereof or Liabilities, including Environmental Liabilities, associated therewith, and the quantity, quality, suitability for mining or costs of mining of any Mineral Tenures included in the Assets. Without in any way limiting the foregoing, the Purchaser acknowledges that the Seller has not given, will not be deemed to have

given and hereby disclaims any warranty, representation, covenant, express or implied, of existence, location, size or quality of any mineral deposit, or condition or fitness for any particular purpose as to any portion of the Assets. Accordingly, the Purchaser shall accept the Assets at the Closing "as is", "where is" and "with all faults". No representation is made by the Seller or by any person as to the accuracy or completeness of the Schedules and the Purchaser acknowledges and agrees that it has made its own investigation as to the content thereof.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE SELLER

The Seller represents and warrants to the Purchaser the matters set out below. Disclosure of a fact or matter to the Purchaser in any Schedule shall be sufficient disclosure for all purposes under this Agreement. The inclusion of any information in any Schedule (or any update) shall not be deemed to be an acknowledgement, in and of itself, that such information is required to be disclosed, is material to the Business, has resulted in or would result in a material adverse effect or is outside the ordinary course of business.

4.1 Organization and Corporate Power

The entities that form the Seller exist under the Laws of their respective jurisdictions. Subject to the entry of the Approval and Vesting Order in the Court in connection with the transactions contemplated hereby and in the other Transaction Documents, the Seller has the requisite corporate power to enter into, deliver and perform its obligations pursuant to each of the Transaction Documents to which it is or will become a party.

4.2 Authorization; Binding Effect; No Breach

4.2.1 Subject to the entry of the Approval and Vesting Order in the Court in connection with the transactions contemplated hereby and in the other Transaction Documents, the execution, delivery and performance by the Seller of each Transaction Document to which the Seller is a party, or is to be a party to, have been, or will be, duly authorized at the time of its execution and delivery.

4.2.2 Subject to the entry of the Approval and Vesting Order in the Court in connection with the transactions contemplated hereby and in the other Transaction Documents, and assuming due authorization, execution and delivery by the Purchaser, each Transaction Document to which the Seller is a party constitutes, or upon execution thereof will constitute, a legal, valid and binding obligation of the Seller, enforceable against it in accordance with its respective terms.

4.3 GST/HST/PST Registration

4.3.1 The entities that form the Seller are registered for the purposes of the Tax imposed under Part IX of the *Excise Tax Act* (Canada) and they shall provide to the Purchaser their registration numbers no later than 10 days prior to Closing.

4.3.2 The entities that form the Seller are registered for the purposes of the Tax imposed under the *Provincial Sales Tax Act* (British Columbia) and they shall provide to the Purchaser their registration numbers no later than 10 days prior to Closing.

4.4 Regulatory, Transfer and Other Approvals

Except for the Transfer Approvals and entry of the Approval and Vesting Order, to the best of the Seller's Knowledge, no notice, filing, authorization, approval, Order or Consent is required to be given, filed or obtained by the Seller to or from any Government Entity or Third Party in connection with the execution, delivery and performance by the Seller of this Agreement or the transactions contemplated hereby.

4.5 Tax Act

Each of the entities that form the Seller are not non-residents of Canada within the meaning of the Tax Act.

4.6 No Brokers

The Purchaser will not be liable for any brokerage commission, finders' fee or other similar payment in connection with the transactions contemplated by this Agreement because of any action taken by, or agreement or understanding reached by, the Seller.

4.7 No Cultural Business – Investment Canada Act

The Assets are not a cultural business, and Sellers were not carrying on a cultural business, within the meaning of the Investment Canada Act.

4.8 Competition Act

To the Knowledge of Seller, [redacted].

4.9 No Other Representations and Warranties

Except for the representations and warranties of the Seller contained in this Article 4, none of the Seller or any other Person has made or makes any other express or implied representation or warranty, either written or oral, on behalf of the Seller, the Assets, the Business or otherwise, including any representation or warranty as to the accuracy or completeness of any information regarding the Seller furnished or made available to Purchaser and its representatives or as to the future revenue, profitability or success of the Seller, the Assets, the Business, or any representation or warranty arising from statute or otherwise in Law.

ARTICLE 5
COVENANTS AND OTHER AGREEMENTS

5.1 CCAA Proceedings

5.1.1 The Seller and the Purchaser acknowledge that this Agreement and the transactions contemplated hereby are subject to the approval of the Court in the CCAA Proceedings.

5.1.2 The Seller shall use its commercially reasonable efforts to have the Court enter on August 15, 2016, upon a hearing to be held on a date specified by the Court (the "**Sale Hearing**"), an order in form and in substance acceptable to the Purchaser approving the sale of the Assets to the Purchaser pursuant to this Agreement and vesting in and to the Purchaser the Assets free and clear of all Liens and Claims (other than Permitted Encumbrances) (the "**Approval and Vesting Order**").

5.1.3 In the event that there are any other Orders required by the Court in connection with the transactions contemplated hereby, including in respect of the assignment of any Assigned Contracts (the "**Additional Orders**"), the Seller shall have the right to seek such Additional Orders at the same time as the Approval and Vesting Order.

5.1.4 In the event that there is more than one Successful Bid and the Seller desires to seek the Court's approval of any other transaction order(s) (collectively, the "**Transaction Orders**") the Seller shall have the right to seek such Transaction Orders at the same time as the Approval and Vesting Order.

5.1.5 The Purchaser and the Seller will cooperate in obtaining entry of the Approval and Vesting Order and the Additional Orders, and the Seller will deliver, or will request the Monitor to deliver, as applicable, to the Purchaser prior to service and filing, and as early in advance as is practicable to permit adequate and reasonable time for the Purchaser and its counsel to review and comment upon, copies of all proposed pleadings, motions, notices, statements, schedules, applications, reports and other material papers to be filed by the Seller or Monitor, as applicable, in connection with such motions and relief requested therein and any objections thereto.

5.1.6 The Purchaser, at its own expense, will promptly provide to the Seller and the Monitor all such information within its possession or under its control as the Seller or the Monitor may reasonably require to obtain the Approval and Vesting Order and the Additional Orders.

5.1.7 In the event leave to appeal is sought, an appeal is taken or a stay pending appeal is requested with respect to the Approval and Vesting Order or any the Additional Order, the Seller shall promptly notify the Purchaser of such application for leave to appeal, appeal or stay request and shall promptly provide to the Purchaser a copy of the related notice(s) or Order(s). The Seller and the Purchaser acknowledge and agree that, in the event leave to appeal is sought with respect to the Approval and Vesting Order or any Additional Order, the Closing Date shall be extended until two Business Days following dismissal of (i) the application for leave to appeal, or (ii) if leave is granted, the appeal.

5.2 Cooperation

5.2.1 Prior to the Closing, upon the terms and subject to the conditions of this Agreement, each of the Parties shall use its commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, and cooperate with each other in order to do, all things necessary, proper or advisable under applicable Law to consummate the transactions contemplated by this Agreement as soon as practicable, including the preparation and filing of all forms, registrations and notices required to

be filed to consummate the Closing, making witnesses available in the Court or by declaration, as necessary, in obtaining the entry of the Approval and Vesting Order, and the taking of such actions as are necessary to obtain any requisite Consent; provided, however, at no time shall the Seller be obligated to make any payment or deliver anything of value to the Purchaser or any Third Party (other than filing with and payment of any application fees to Government Entities, all of which shall be paid or reimbursed by the Purchaser unless otherwise provided herein) or to the Purchaser in order to obtain any Consent.

5.2.2 The Seller and the Purchaser shall promptly notify the other of the occurrence, to such Party's Knowledge, of any event or condition, or the existence, to such Party's Knowledge, of any fact, that would reasonably be expected to result in (i) any of the conditions set forth in Article 7 not being satisfied; or (ii) any of the representations and warranties in Article 3 or Article 4 not being true and correct.

5.2.3 The Purchaser and the Seller acknowledge and agree that time is of the essence in effecting the Closing and otherwise consummating the transactions contemplated herein, and that it will promptly and timely provide written requests, execute and deliver all required documents and materials and use commercially reasonable efforts to perform all necessary and required actions, including to obtain Transfer Approvals for Permits from appropriate Government Entities.

5.3 Transfer Approvals and Financial Assurances

5.3.1 To the extent required by applicable Laws, each of the Parties agrees to prepare as promptly as practicable and in any event, within ten (10) Business Days following the selection of Purchaser as the Successful Bidder (as defined in the SISP), all necessary documents, registrations, statements, petitions, filings and applications for the Transfer Approvals and any other Consent of any other Government Entities required to satisfy the condition set forth in Article 7.

5.3.2 Each of the Parties shall use commercially reasonable efforts to (i) cooperate with each other in connection with any filing or submission and in connection with any investigation or other inquiry, including any proceeding initiated by a private party; (ii) keep the other Parties informed in all material respects of any material communication received by such Party from, or given by such Party to, any Government Entity and of any material communication received or given in connection with any proceeding by a private party, in each case regarding any of the transactions contemplated hereby, including providing to the other Parties copies of all such material communications given or received; (iii) provide to the other Party reasonable opportunity to comment on drafts of filings and submissions prior to submitting same to a Government Entity; and (iv) consult with each other in advance of any meeting or conference (whether in person or by telephone) with any Government Entity, including in connection with any proceeding by a private party, and provide the other Party an opportunity to participate in any meetings of a substantive nature with a Government Entity. The foregoing obligations in this Section 5.3 shall be subject to any attorney-client, solicitor-client, work product, or other privilege, and each of the Parties hereto shall coordinate and cooperate fully with the other Parties hereto in exchanging such information and providing such

assistance as such other Parties may reasonably request in connection with the foregoing. The Parties will not take any action that will have the effect of delaying, impairing or impeding the receipt of any required authorizations, Consents, Orders or approvals.

5.3.3 If any objections are asserted with respect to the transactions contemplated hereby under any Law or if any suit is instituted by any Government Entity or any private party challenging any of the transactions contemplated hereby as violative of any Law or if the filing pursuant to Section 5.3 is reasonably likely to be rejected or conditioned by a Government Entity, each of the Parties shall use commercially reasonable efforts to resolve such objections or challenge as such Government Entity or private party may have to such transactions, including to vacate, lift, reverse or overturn any Action, whether temporary, preliminary or permanent, so as to permit consummation of the transactions contemplated by this Agreement.

5.3.4 Each of the Seller and the Purchaser shall use its commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to such Party's obligations hereunder as set forth in Section 7.1(a) to the extent the same is within its control and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to consummate the transactions contemplated by this Agreement, including using its commercially reasonable efforts to obtain any Consent of a Government Entity required to be obtained in order for the Parties to consummate the transactions contemplated by this Agreement.

5.3.5 No later than ten (10) Business Days following the selection of Purchaser as the Successful Bidder, the Purchaser agrees to contact the applicable Government Entities and use its commercially reasonable efforts to understand what information those Government Entities will require in order to timely grant the transfer of the Permits from the Seller to the Purchaser or what information those Government Entities will require the Purchaser to submit in order for the Purchaser to obtain replacement Permits for those Permits presently held by the Seller that are not transferable. Promptly following the Closing but in any event within five (5) Business Days thereof, the Purchaser will file with the appropriate Government Entities (i) all applications, letters and other instruments of transfer for all of the Assets and the Permits which are subject to approval, consent or other processing by such Government Entities; (ii) all required notices of transfers of Permits or any of the other Assets; and (iii) all applications, letters, instruments or notices for all of the Assets for approval or other processing by such Government Entities as necessary to obtain replacement Permits for those Permits presently held by the Seller that are not transferable, (with those items referenced in sub-clauses (i), (ii), and (iii) above collectively referred to as the "**Transfer Documents**"), as may be required or desirable in order to effect and document the approved transfer of all Permits from the Seller to the Purchaser or the issuance to the Purchaser of such new or replacement Permits as may be required (the "**Transfer Approvals**"). The Purchaser will diligently pursue on a commercially reasonable efforts basis all Transfer Approvals necessary to complete transfer of such Assets and Permits from the Seller to the Purchaser or obtain Permits in the Purchaser's own name as soon as

practicable following the Closing Date, including the posting of any financial assurances instruments as may be required by the appropriate Government Entity in excess of the Financial Assurances already in place by the date required by such Government Entity, and will keep the Seller apprised of the status of its efforts to secure such Transfer Approvals. Purchaser agrees that it will not submit or file with any Government Entity new, revised or amended mine plans for any of the Mines and that it will not act in a manner that materially departs from the current mine plan for any of the Mines prior to obtaining the Transfer Approvals, including the approval of the transfer of the Permits to the Purchaser or the issuance of new permits in the Purchaser's name. Subject to the commitments under Section 2.3.4 and Section 5.3.6, the Purchaser shall have no right to conduct any activities under any Permit or Contract that has not been assigned, transferred or re-issued to the Purchaser. The Seller agrees that it will cooperate in good faith with the Purchaser in its efforts to obtain the Transfer Approvals, and upon written request by the Purchaser, use their good faith efforts (at Purchaser's expense and risk) to make the appropriate Employees available to assist the Purchaser in that process.

5.3.6 **Contract Mining Agreement**

(a) The Seller and the Purchaser agree that, from and after the Closing until the earlier of (i) the date that is three months following the Closing Date, which shall be extended month to month as set out herein for a maximum of six additional months following the Closing Date in the event one or more Transfer Approvals have not been obtained through no fault of the Purchaser, or (ii) such time as the Transfer Approvals have been received, Purchaser may operate under the Permits as the designated operator and contract miner, which contract mining operation shall be pursuant to the terms of a contract mining agreement in form mutually agreeable to Purchaser and Seller and executed and delivered by the Parties at Closing (the "**Contract Mining Agreement**").

(b) Such Contract Mining Agreement (i) shall provide, at a minimum, that Purchaser and the Guarantors shall indemnify and hold harmless Seller from any and all Liabilities arising out of or resulting from Purchaser's operations of the Mines or any other activities occurring at the Mines, including in respect of operations conducted under Seller's applicable Permits, (ii) shall have a term of three months and shall be extended month to month in the event one or more Transfer Approvals have not been obtained through no fault of the Purchaser for a maximum of six additional months from the Closing Date, subject to Section 5.3.6(c).

(c) Any extension of the Contract Mining Agreement in excess of the six month period following the Closing Date shall occur only if, (A) on the day that is seven months following the Closing Date, the Purchaser and the Guarantors pay [redacted] respect of such extension to the seventh month, (B) any extension of the Contract Mining Agreement in excess of seven months shall occur only if, on the day that is eight months following the Closing Date, the Purchaser and the Guarantors pay [redacted] respect of such extension to the eighth month, and (C) any extension of the Contract Mining Agreement in excess of eight months shall occur only if, on the day that is nine months following the Closing Date, the

Purchaser and the Guarantors pay [redacted] respect of such extension to the ninth month. The Contract Mining Agreement shall terminate at the end of the day that is ten month following the Closing Date unless otherwise agreed by the Parties. Further, if the Contract Mining Agreement shall be extended beyond its three month term, Purchaser shall be responsible for all reasonable and documented out-of-pocket costs not to exceed [redacted] month associated with the continuation of the CCAA Proceedings during such extension if, in the reasonable opinion of the Monitor, the CCAA Proceedings could be concluded if not for fact that the Purchaser had not obtained the transfer of the Permits or issuance of new permits prior to such time.

(d) Subject to applicable Law, Seller grants Purchaser the right to conduct, at the sole cost and expense of Purchaser, mining operations at the Brule Mine (in accordance with the mine plan for the Brule Mine currently in effect) and related processing and loading operations at the Willow Creek Mine following the Closing on the applicable Real Property under the applicable Permits, pursuant to and in accordance with the terms and conditions of the Contract Mining Agreement, as the designated operator during the term of the Contract Mining Agreement. Notwithstanding the foregoing, it is agreed that no person other than the Purchaser shall be permitted to conduct any operations at any of the Mines without the Seller's express written consent, which may be withheld for any reason.

(e) Seller shall not take any action to cancel or terminate the Permits during the term of the Contract Mining Agreement and shall have (and Purchaser grants) all rights of entry onto the Real Property that are reasonably necessary or desirable in connection with any steps necessary or desirable to prevent the termination of the Permits, provided however that the Purchaser shall pay to the Seller in advance of any such action an amount equal to the Seller's reasonable estimate of the cost of such action and the Seller shall have no obligation to undertake any action prior to the receipt of such amounts. Notwithstanding anything to the contrary contained herein, Purchaser shall reimburse, indemnify and hold harmless Seller and/or its Affiliates from any and all Liabilities incurred by Seller and/or its Affiliates as a result of any action taken by Seller at Purchaser's or its Affiliates' request pursuant to this Section 5.3.6 (including as a result of any simple negligence by Seller), or any action not taken by the Seller as a result of Purchaser's failure to request any such action or Purchaser's failure to pay to the Seller in advance an amount equal to the Seller's reasonable estimate of the cost of such action.

5.3.7 Purchaser and the Guarantors shall, and shall cause their Subsidiaries to, take all actions and do, or cause to be done, all things necessary or desirable under applicable Law to put in place with the applicable Government Entities as promptly as possible any financial assurances necessary to obtain the Transfer Approvals. Seller shall (at Purchaser's sole cost and expense) cause the Financial Assurances with respect to the Permits in place as of the Closing to remain in place until the earlier of the end of the term of the Contract Mining Agreement or such time as the Transfer Approval with respect to such Permits is received. At all times from and after Closing and prior to the transfer to Purchaser of the Permits, Purchaser shall,

and shall cause its Affiliates to, at Purchaser's sole cost and expense, comply with applicable Law governing, and all conditions and requirements of, or pertaining to, any such Permits, including any requirements requested by Seller to comply with Environmental Law. Purchaser shall promptly deliver to Seller written notice of any incidents, violations or occurrences, which Seller shall have the right, but not the obligation, to cure at Purchaser's sole expense (including right of entry onto the applicable Real Property), and Purchaser and the Guarantors shall promptly reimburse Seller for the full costs of any such cure.

5.3.8 The Financial Assurances posted by Seller with respect to the Permits are comprised of $22,570,494.00 of letters of credit, as shown on Schedule 5.3.8. The providers that have issued such Financial Assurances (the "**LOC Issuers**") currently hold cash collateral posted by Seller in the amount of $22,570,494.00, as also shown on Schedule 5.3.8 (the "**Cash Collateral**"). The Parties acknowledge and agree that Purchaser's willingness to enter into this Agreement is premised on Seller's agreement to remit such Cash Collateral either (x) to the applicable Government Entity to replace the existing Financial Assurances or (y) to the Purchaser or its surety providers promptly following (i) the delivery to the Seller of evidence satisfactory to the Seller that appropriate financial assurance has been delivered by or on behalf of the Purchaser to the applicable Government Entity and such financial assurance is acceptable to such Government Entity in respect of the Permits and Transfer Approvals and (ii) delivery to the Seller of evidence satisfactory to the Seller that the existing letters of credit comprising Financial Assurance have been released and that the LOC Issuers have no further right to retain the Cash Collateral under the Cash Collateral Agreement dated January 5, 2016 among the LOC Issuer, Morgan Stanley Senior Funding, Inc., Walter Energy Canada and Brule Coal Partnership (the "**Walter Cash Collateral Agreement**"); *provided however*, that in the event Purchaser provides satisfactory evidence that an existing letter of credit comprising Financial Assurances has been released, and Seller asserts that the LOC Issuer still has a right to retain the Cash Collateral under the Walter Cash Collateral Agreement other than by reason of an act or omission of the Purchaser, including pursuant to Section 5.3.9(x), Seller shall within five (5) Business Days following Purchaser's provision of satisfactory evidence remit to Purchaser by wire transfer of immediately available funds an amount in cash equal to such letter of credit, and upon receipt of such funds Purchaser' rights hereunder with respect to (and only with respect to) such amount of Cash Collateral shall be satisfied. Seller therefore covenants and agrees that it will seek to obtain all required agreements and approvals from the LOC Issuers to remit the Cash Collateral in the manner contemplated by the preceding sentence or in accordance with a Cash Collateral Transfer Agreement to be entered into among Purchaser, Seller and the LOC Issuers on or prior to the Closing (the "**Cash Collateral Transfer Agreement**"). If the Seller is unable to obtain the agreement of the LOC Issuers to the Cash Collateral Transfer Agreement, the Seller shall seek to obtain a Court Order to require that the Cash Collateral be released as contemplated herein and, failing which, the Seller shall deliver any Cash Collateral received by Seller to the Purchaser or as the Purchaser shall direct as soon as reasonably practicable following receipt thereof.

5.3.9 Notwithstanding anything in this Agreement to the contrary, from and after the Closing, Purchaser shall, at its sole cost and expense, (x) until such time as Purchaser has replaced or taken assignment of the Financial Assurances or other required financial assurances, pay or reimburse Seller within five (5) Business Days of receipt of notice from Seller, which such notice shall reference the applicable Financial Assurances, the cost of any premiums or other amounts that become due after the Closing Date with respect to such Financial Assurances, and (y) Purchaser shall reimburse Seller for all out-of-pocket costs and expenses incurred by Seller in connection with any action taken by Seller at the request of Purchaser.

5.3.10 To secure the Purchaser's indemnification obligations to the Seller hereunder and under the Contract Mining Agreement, upon the vesting of the Assets in the Purchaser in accordance with the terms of this Agreement and the Approval and Vesting Order, the Purchaser hereby grants the Seller a first-lien security interest in the Real Property Assets (including all coal leases) and the Mineral Tenures including all accretions, substitutions, replacements, additions and accessions to any of them and all proceeds of any of the foregoing (the "**Indemnification Security Interest**"). The Purchaser acknowledges that value has been given and that the Indemnification Security Interest granted herein shall attach to the Real Property Assets (including all coal leases) and the Mineral Tenures upon the vesting in the Purchaser of such Assets. Upon the Seller's and the Monitor's receipt from the Purchaser of a certificate certifying that (i) all Transfer Approvals and Permits contemplated hereunder and under any Ancillary Agreements have been transferred or issued, as applicable, to the Purchaser, and (ii) there have been no incidents, violations or occurrences during the term of the Contract Mining Agreement that give rise to an unresolved Claim against the Seller (the "**Purchaser's Certificate**"), the Monitor shall thereafter deliver a second Monitor's certificate to the Purchaser certifying that it received the Purchaser's Certificate and the Indemnification Security Interest shall be extinguished. Notwithstanding the foregoing, the Indemnification Security Interest shall not apply to mined or extracted coal.

5.3.11 Purchaser agrees to take such steps in respect of the Contracts as are set out in Schedule 2.1.1(i).

5.4 Pre-Closing Access to Information

5.4.1 Prior to the Closing, the Seller shall (a) give the Purchaser and its authorized representatives, upon advance notice and during regular business hours, access to all books, records, reports, plans, certificates, files, documents and information related to the Assets, personnel, officers and other facilities and properties of the Business; and (b) permit the Purchaser to make such copies and inspections thereof, upon advance notice and during regular business hours, as the Purchaser may reasonably request; provided, however, that any such access shall be conducted at Purchaser's expense, in accordance with Law (including any applicable Bankruptcy Law), under the supervision of the Seller's personnel and in such a manner as to maintain confidentiality and not to interfere with the normal operations of the Business of the Seller; and (c) permit the Purchaser to undertake (at the Purchaser's sole cost and expense) a non-invasive environmental assessment of the Mineral Tenures.

5.4.2 Notwithstanding Section 5.4.1, the Seller shall not be required to disclose any information, records, files or other data to the Purchaser where prohibited by any Laws or which would result in the disclosure of any trade secrets of Third Parties or violate any obligation of the Seller to any Third Party or that would have the effect of causing the waiver of any solicitor-client privilege or subsisting agreement of confidentiality.

5.5 Confidentiality

5.5.1 Prior to the Closing, the Purchaser shall keep confidential all information disclosed to it by the Seller or its agents relating to the Seller or the Business in accordance with the terms of the confidentiality agreement signed by the Purchaser and the Seller (the "**Confidentiality Agreement**"). Such information is confidential and proprietary to the Seller and the Purchaser shall only disclose such information to those of its employees and representatives of its advisors who need to know such information for the purposes of evaluating and implementing the transaction contemplated in this Agreement and only in accordance with the terms of the Confidentiality Agreement. Notwithstanding the foregoing, the Purchaser shall keep confidential all Personal Information disclosed to it by the Seller or its agents and will not disclose the Personal Information except in accordance with applicable Law. If this Agreement is terminated without completion of the transactions contemplated by this Agreement, the Purchaser shall promptly return all documents, work papers and other written material (including all copies) obtained from the Seller in connection with this Agreement, and not previously made public and shall continue to maintain the confidence of all such information.

5.5.2 After the Closing, the Seller shall keep confidential all Personal Information it disclosed to the Purchaser and all information relating to the Business, except information which:

(i) is part of the public domain;

(ii) becomes part of the public domain other than as a result of a breach of these provisions by the Seller; or

(iii) was received in good faith after Closing from an independent Person who was lawfully in possession of such information free of any obligation of confidence.

5.6 Public Announcements

Prior to the Closing and except as necessary for the Party to make any filing with the Court to obtain approval of the transactions contemplated by this Agreement, no Party shall issue any press release or public announcement concerning this Agreement or the transactions contemplated by this Agreement without obtaining the prior written approval of the other Party, which approval will not be unreasonably withheld or delayed, unless, in the reasonable judgment of the Purchaser or the Seller, disclosure is otherwise required by applicable Law (including the Securities Laws), the CCAA or the Court with respect to filings to be made with the Court in connection with this Agreement or by the Securities Laws of the Securities Commissions or any

stock exchange on which the Purchaser lists securities, provided that the Party intending to make such release shall use commercially reasonable efforts consistent with such applicable Law and the Court requirement to consult with the other Party with respect to the text thereof.

5.7 Further Actions

From and after the Closing Date, each of the Parties shall execute and deliver such documents and other papers and take such further actions as may reasonably be required to carry out the provisions of this Agreement and give effect to the transactions contemplated herein, including the execution and delivery of such assignments, deeds and other documents as may be necessary to transfer any Assets as provided in this Agreement; provided that the Seller shall not be obligated to make any payment or deliver anything of value to any Third Party (other than filing with and payment of any application fees to Government Entities, all of which shall be paid or reimbursed by the Purchaser unless otherwise specified herein) or the Purchaser in order to obtain any Consent to the transfer of Assets or the assumption of Assumed Liabilities.

5.8 Transaction Expenses

Except as otherwise provided in this Agreement or the Ancillary Agreements, each of the Purchaser and the Seller shall bear its own costs and expenses (including brokerage commissions, finders' fees or similar compensation, and legal fees and expenses) incurred in connection with this Agreement, the other Transaction Documents and the transactions contemplated hereby and thereby. Without limiting the foregoing, Purchaser shall pay all recording costs associated with transferring the Mineral Tenures in accordance with applicable Laws and all costs associated with obtaining any Transfer Approvals.

5.9 Employees

5.9.1 No less than ten (10) Business Days prior to the Closing Date, the Purchaser shall offer employment in writing to all Employees of the Seller listed on Schedule 5.9.1 who are entitled to offers pursuant to the Collective Agreements or applicable Law and, subject to Section 5.9.2, on terms and conditions of employment which are substantially similar in the aggregate for each such individual Employee as those currently available to such individual Employee and the Purchaser shall recognize all past service of each Employee who becomes a Transferred Employee for all purposes, including participation in any benefit plan, vacation, any other service entitlements and any required notice of termination, termination or severance pay (whether contractual, statutory or at common law). Schedule 5.9.1 shall also include such factual details as are necessary for the Purchaser to calculate a reasonable estimate of severance payments and other Liabilities that will be assumed by Purchaser with respect to each Employee who becomes a Transferred Employee. The Seller and the Purchaser shall exercise commercially reasonable efforts to persuade all such Employees to accept such offers of employment.

5.9.2 For the avoidance of doubt, Purchaser intends to negotiate amendments to the existing Collective Agreements prior to or following the Closing Date. Purchaser shall, prior to the Closing Date, use reasonable efforts to enter into amended or new collective bargaining agreements with the Construction and Allied Workers' Union, Local 68 for the Willow Creek Mine and the United Steel, Paper and Forestry,

Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union for the Wolverine Mine, in each case on terms that are mutually acceptable to the parties and the applicable Employees. Notwithstanding the foregoing, the negotiation of such amended or new collective bargaining agreements shall not be a condition to the Closing.

5.9.3 The Seller shall be responsible for all Employee Costs for any Employees other than Transferred Employees to the extent required under applicable Law for any Employees who are not Transferred Employees (including all unpaid wages, salary, incentive compensation, benefits and vacation pay up for each such Employee).

5.9.4 The Purchaser shall become the successor employer for Seller's past and present unionized employees for purposes of applicable Laws and, accordingly, shall be bound by and comply with the terms of such Collective Agreements (as such may be amended in accordance with Section 5.9.2) including continuing the employment after the Closing Date of the Employees covered by such Collective Agreements effective from the Closing Date.

5.9.5 To the extent that Purchaser makes offers to past employees not covered by Collective Agreements, Purchaser shall make all such offers of employment in accordance with the requirements of the *Employment Standards Act* (British Columbia).

5.10 Certain Payments or Instruments Received from Third Parties

To the extent that, after the Closing Date, (a) the Purchaser receives any payment or instrument that is for the account of the Seller according to the terms of this Agreement, the Purchaser shall promptly deliver such amount or instrument to the Seller; and (b) the Seller receives any payment that is for the account of the Purchaser according to the terms of this Agreement or relates to the Business, the Seller shall hold such payment in trust for the Purchaser and promptly deliver such amount or instrument to the Purchaser. All amounts due and payable under this Section 5.10 shall be due and payable by the applicable Party in the form received, or if payment in such form is not possible, in immediately available funds, by wire transfer to the account designated in writing by the relevant Party. Notwithstanding the foregoing, each Party hereby undertakes to use commercially reasonable efforts to direct or forward all bills, invoices or like instruments to the appropriate Party.

5.11 Notification of Certain Matters

The Seller shall give written notice to the Purchaser and the Purchaser shall give written notice to the Seller, as applicable, promptly after becoming aware of (a) the occurrence of any event, which would be likely to cause any condition set forth in Article 7 to be unsatisfied in any material respect at any time from the date hereof to the Closing Date; or (b) any notice or other communication from (i) any Person alleging that the Consent of such Person is or may be required in connection with any of the transactions contemplated by this Agreement; or (ii) any Government Entity in connection with any of the transactions contemplated by this Agreement; provided, however, that the delivery of any notice pursuant to this Section 5.11 shall not limit or otherwise affect the remedies available hereunder to the Seller or the Purchaser.

5.12 Risk of Loss

5.12.1 Until the Closing, the Assets will remain at the risk of the Seller. If any destruction or damage in excess of [redacted] occurs to the Assets on or before the Closing or if any or all of the Assets are appropriated, expropriated or seized by Government Entity or other lawful authority on or before the Closing, the Seller will give notice thereof to the Purchaser as promptly as practical and the Purchaser will have the option, exercisable by notice to the Seller on or before the Closing:

(a) to reduce the Purchase Price by an amount equal to the proceeds of insurance or compensation for destruction or damage or appropriation, expropriation or seizure with respect thereto (referred to as the "**Proceeds**"), and to complete the purchase; or

(b) to complete the purchase without reduction of the Purchase Price, in which event all Proceeds will be payable to the Purchaser and all Claims of the Seller to any such amounts not paid by the Closing will be assigned to the Purchaser.

5.13 Seller Activities

5.13.1 The Seller covenants that, from the date of this Agreement until the Closing, subject to any limitation imposed as a result of being subject to the CCAA Proceedings, the terms of any Court-approved financing arrangements or any Order of the Court, and except as (i) otherwise contemplated by this Agreement; (ii) consented to in writing by the Purchaser; (iii) required by applicable Law; or (iv) relates solely to Excluded Assets or Excluded Liabilities, the Seller will:

(a) carry on the Business in the usual and Ordinary Course and use commercially reasonable efforts to maintain, preserve and protect the Assets in the condition in which they exist on the date hereof;

(b) refrain from disclaiming any Assigned Contracts without the prior written consent of the Purchaser;

(c) use its commercially reasonable efforts to preserve the present business operations, organization and goodwill of the Business;

(d) (A) comply in all material respects with all applicable Law regarding the Business or any Asset, (B) comply in all material respects with contractual obligations applicable to or binding upon it pursuant to any Assigned Contracts (other than those obligations the compliance with which is excused during the CCAA Proceedings), and (C) maintain in full force and effect all Permits and comply with the material terms of each such Permit;

(e) other than in the sale of Inventories in the Ordinary Course, refrain from assigning, licensing, transferring, conveying, leasing or otherwise disposing of any of the Assets;

(f) not waive or release any material right of Seller that constitutes an Asset;

(g) not amend any Collective Agreement or negotiate, enter into or amend any other collective bargaining agreements covering Employees or that would affect the Assets;

(h) not incur any indebtedness or assume, guarantee or endorse the obligations of any Person, other than in the Ordinary Course or such indebtedness, assumptions, guarantees or endorsements of obligations of any Person that do not constitute Assumed Liabilities;

(i) not, in any material respect, (A) grant any increase in the wages, salaries, compensation, or other benefits payable to any Employee or (B) increase benefits or obligations with respect to the Employees under any benefit plan, in either case except as required pursuant to the existing terms of any benefit plan or Collective Agreement;

(j) not enter into any Contract which restricts the ability of the Business to engage in any business in any geographic area or channel of distribution; and

(k) maintain the Books and Records in the usual and Ordinary Course, and record all transactions on a basis consistent with that practice.

5.14 Transition Services

Purchaser agrees to reasonably make available to the Seller, for so long as the stay remains in place under the CCAA Proceedings (provided that if such period exceeds one year from the Closing Date, the Purchaser's obligations to make Transferred Employees available shall terminate unless the Parties agree to extend that commitment to a later date, such agreement not to be unreasonably withheld), at no cost to Seller and on a timely basis, certain key Transferred Employees as are reasonably necessary to assist the Seller and the Monitor from time to time in the performance of their respective duties and responsibilities pursuant to, and in the exercise of any authority given to them under, applicable Law, the Initial Order, the Approval and Vesting Order, and any claims process Order issued by the Court and other incidental matters pursuant to and in accordance with a mutually acceptable transition services agreement to be entered into prior to the Closing Date; provided, such services shall not exceed ten percent (10%) of any Transferred Employee's regularly scheduled work hours.

ARTICLE 6
TAX MATTERS

6.1 Transfer Taxes

6.1.1 The Parties agree that the Purchase Price is exclusive of any Transfer Taxes. Subject to Section 5.8 and Section 6.2, the Purchaser shall promptly pay directly to the appropriate Tax Authority, or promptly reimburse the Seller upon demand and delivery of proof of payment, all applicable Transfer Taxes that are properly payable by the Purchaser or the Seller under applicable Law in connection with this Agreement and the transactions contemplated herein and the other Transaction Documents and the transactions contemplated therein. The Purchaser shall indemnify and save harmless the Seller from and against any Transfer Taxes that

may be imposed on, claimed from or demanded of the Seller, including as a result of the transactions contemplated hereby or as a result of any elections made or omitted to be made or any refusal of any Government Entity to accept any such election.

6.1.2 If the Purchaser wishes to claim any exemption relating to, or a reduced rate of, Transfer Taxes, in connection with this Agreement or the transactions contemplated herein or the other Transaction Documents and the transactions contemplated therein, the Purchaser shall be solely responsible for ensuring that such exemption or election applies and, in that regard, shall provide the Seller prior to Closing with its permit number, GST/HST number, or other similar registration numbers and/or any appropriate certificate of exemption, election and/or other document or evidence to support the claimed entitlement to such exemption or reduced rate by the Purchaser. The Seller shall make commercially reasonable efforts to cooperate to the extent necessary to obtain any such exemption or reduced rate.

6.2 Tax Elections

At the Purchaser's sole expense, the Purchaser and the Seller shall, where such election is available, jointly execute an election under Section 167 of Part IX of the *Excise Tax Act* (Canada) in the forms prescribed for such purposes such that the sale of the Assets by the Seller will take place without payment of any GST/HST. The Purchaser shall file the election forms referred to above with the proper Tax Authority, together with the Purchaser's GST/HST return for its GST/HST reporting period during which the transaction of purchase and sale contemplated herein occurs. Notwithstanding such election, in the event that it is determined by the CRA that there is a GST/HST liability of the Purchaser to pay GST/HST on all or part of the Assets sold pursuant to this Agreement, the Parties agree that such GST/HST, as the case may be, shall, unless already collected from the Purchaser and remitted by the Seller, be forthwith remitted by the Purchaser to the CRA, as the case may be. If it is determined that the elections are not available, the Seller agrees to provide reasonable cooperation to the Purchaser to expedite the Purchaser's claims for input tax credits, input tax refunds or rebates of GST/HST. Regardless of whether an election is made pursuant to this Section 6.2, the Seller agrees that it shall collect no GST/HST in respect of any real property acquired by the Purchaser so long as the notification requirement in Section 3.4 of this Agreement is satisfied.

6.3 Tax Characterization of Payments Under This Agreement

The Seller and the Purchaser agree to treat all payments made either to or for the benefit of the other Party under this Agreement as adjustments to the Purchase Price for Tax purposes and that such treatment shall govern for purposes hereof to the extent permitted under applicable Tax Law.

6.4 Records

6.4.1 After the Closing Date, the Purchaser and the Seller will make available to the other, as reasonably requested, and to any Tax Authority, all information, records or documents relating to Liability for Taxes with respect to the Assets, the Assumed Liabilities, the Business for all periods prior to or including the Closing Date, and will preserve such information, records or documents until the expiration of any applicable statute of limitations or extensions thereof. In the event that one Party

needs access to records in the possession of the other Party relating to any of the Assets, the Assumed Liabilities, the Business for purposes of preparing Tax Returns or complying with any Tax audit request, subpoena or other investigative demand by any Tax Authority, or for any other legitimate Tax-related purpose not injurious to the other Party, the other Party will allow representatives of the first Party, at the first Party's sole expense, access to such records during regular business hours at the other Party's place of business for the sole purpose of obtaining information for use as aforesaid and will permit the other Party to make extracts and copies thereof as may be necessary or convenient.

6.4.2 The Purchaser shall take all reasonable steps to preserve and keep the Books and Records delivered to it in connection with the completion of the transactions contemplated by this Agreement, including in respect of the conduct of the Business prior to the date of the Initial Order, for a period of six years from the Closing Date, or for any longer period as may be required by any Law or Government Entity, and shall make such records available to the Seller, the Monitor, the CRO or any trustee in bankruptcy of the Seller on a timely basis, as may be required by it, including in connection with any administrative or legal proceeding that may be initiated by, on behalf of, or against the Seller.

6.5 Property Tax Matters

A portion of the Purchase Price equal to the amounts payable to the applicable Tax Authority for the unpaid portion of Real Property Taxes in respect of Assets for the pre-Closing period shall be retained by the Monitor on behalf of the Seller for remittance to the applicable Tax Authorities.

ARTICLE 7
CONDITIONS TO THE CLOSING

7.1 Conditions to Each Party's Obligation

The Parties' obligation to effect the Closing is subject to the satisfaction or the express written waiver of the Parties, at or prior to the Closing, of each of the following conditions:

(a) the process to obtain the Transfer Approvals shall have been commenced pursuant to Section 5.3;

(b) there shall be in effect no Law or Order prohibiting the consummation of the transactions contemplated hereby that has not been withdrawn or terminated;

(c) none of the Parties nor any of their respective directors, officers, employees or agents, will be a defendant or third party to or threatened with any litigation or proceedings before any Government Entity which could prevent or restrict that Party from performing any of its obligations in this Agreement or any Transaction Document;

(d) all Consents listed in Schedule 7.1(d) or waivers thereof shall have been obtained ("**Required Consents**"); and

(e) the Approval and Vesting Order shall have been entered, in form and substance acceptable to the Purchaser and the Seller, and shall have become a Final Order.

7.2 Conditions to the Seller's Obligation

The Seller's obligation to effect the Closing shall be subject to the fulfillment (or express written waiver by the Seller), at or prior to the Closing, of each of the following additional conditions:

(a) except for any failure to be true and correct that has not had a material adverse effect on the ability of the Purchaser to consummate the transactions contemplated by this Agreement, each representation and warranty contained in Article 3 shall be true and correct (i) as if restated on and as of the Closing Date; or (ii) if made as of a date specified therein, as of such date. The Seller shall have received a certificate of the Purchaser to such effect signed by a duly authorized officer thereof;

(b) the covenants, obligations, and agreements contained in this Agreement to be complied with by the Purchaser on or before the Closing shall have been complied with in all material respects. The Seller shall have received a certificate of Purchaser to such effect signed by a duly authorized officer thereof; and

(c) each of the deliveries required to be made to the Seller pursuant to Section 2.3.2 shall have been so delivered.

7.3 Conditions to Purchaser's Obligation

The Purchaser's obligation to effect the Closing shall be subject to the fulfillment (or express written waiver by the Purchaser), at or prior to the Closing, of each of the following additional conditions:

(a) except for any failure to be true and correct that has not had a material adverse effect on the ability of the Seller to consummate the transactions contemplated by this Agreement, each representation and warranty contained in Article 4 shall be true and correct (i) as if restated on and as of the Closing Date; or (ii) if made as of a date specified therein, as of such date. The Purchaser shall have received a certificate of the Seller to such effect signed by a duly authorized officer thereof;

(b) the covenants, obligations and agreements contained in this Agreement to be complied with by the Seller on or before the Closing shall have been complied with in all material respects. The Purchaser shall have received a certificate of the Seller to such effect signed by a duly authorized officer thereof; and

(c) each of the deliveries required to be made to the Purchaser pursuant to Section 2.3.2 shall have been so delivered,

ARTICLE 8
TERMINATION

8.1 Termination

This Agreement may be terminated at any time prior to the Closing (or in the case of clause (c) below, within the time period prescribed therein):

(a) by mutual written consent of the Seller and the Purchaser;

(b) by either Party, upon written notice to the other:

(i) in the event of a material breach by such other Party of such other Party's representations, warranties, agreements or covenants set forth in this Agreement, which breach (A) would result in a failure of the conditions to Closing set forth in Section 7.2 or Section 7.3, as applicable; and (B) is not cured within seven days from receipt of a written notice from the non-breaching Party;

(ii) if a Government Entity issues an Order prohibiting the transactions contemplated hereby;

(iii) if the Approval and Vesting Order is not entered by August 25, 2016; or

(c) if the Closing does not take place by September 15, 2016;

provided, however, that the right to terminate this Agreement pursuant to Section 8.1(b)(ii) shall not be available to any Party whose breach hereof has been the principal cause of, or has directly resulted in, the event or condition purportedly giving rise to a right to terminate this Agreement under such clauses.

8.2 Effects of Termination

If this Agreement is terminated pursuant to Section 8.1, all further obligations of the Parties under or pursuant to this Agreement shall terminate without further Liability of any Party to the other except for the provisions of Section 1.1 (Definitions), Section 1.2 (Interpretation), Section 2.2.3 (Deposit), Section 4.6 (No Brokers) Section 5.5 (Confidentiality), Section 5.6 (Public Announcements), Section 5.8 (Transaction Expenses), Section 8.2 (Effects of Termination), Section 10.1 (Monitor's Capacity), Section 10.2 (Chief Restructuring Officer), Section 10.3 (Releases), Section 10.6 (Remedies) Section 10.7 (No Third-Party Beneficiaries) Section 10.9 (Successors and Assigns), Section 10.10 (Governing Law; Submission to Jurisdiction), Section 10.11 (Notices) and Section 10.16 (Entire Agreement).

ARTICLE 9
POST-CLOSING ACTIVITIES AND AGREEMENTS

9.1 Responsibility for Services to the Mines

All charges for water, electricity, natural gas, telephone, sewer, trash disposal and other recurring services provided to the Mines which relate to such services provided prior to the

Closing Date will be for the account of the Seller, and all charges for such services provided on and after the Closing Date will be for the account of Purchaser, regardless of the date on which the invoice or other statement for such services is rendered.

9.2 General Post-Closing Access to the Assets

In addition to the other provisions hereof granting to the Seller access to the Mines after the Closing Date for certain specified purposes, the parties agree that upon reasonable prior notice to Purchaser, the Seller will be given reasonable access to the Mines and to the Assets during normal business hours as necessary to enable the Seller to carry out or respond to day-to-day operational requirements, reporting requirements of Government Entities, removal of Excluded Assets from the Mines, ongoing tax and accounting functions and obligations, and other activities of the Seller with respect to the sale of the Assets and the winding down of the Seller's responsibilities with respect thereto. All such activities of the Seller will be conducted in a manner which complies with Purchaser's safety and operating procedures and in a manner which will not interfere unreasonably with the activities of Purchaser. All such activities of the Seller shall only be conducted in the presence of a representative of the Purchaser.

9.3 Post-Closing Cooperation

Notwithstanding the Purchaser's commercially reasonable efforts, in the event the Transfer Approvals cannot be completed, or the issuance of new Permits cannot be achieved prior to the Closing pursuant to Section 5.3.5 above, the Parties shall cooperate after the Closing Date for the purpose of giving effect to the Transfer Approvals or achieving the issuance of new Permits and thereafter providing the complete, immediate and unrestricted release of the Seller's liabilities with respect thereto. In furtherance thereof, each Party shall prepare and submit such documents and applications as shall be necessary or appropriate, and cooperate with reasonable requests of the Government Entities to effectuate the Transfer Approvals or to achieve the issuance of new Permits.

ARTICLE 10
MISCELLANEOUS

10.1 Monitor's Capacity

The Purchaser acknowledges and agrees that the Monitor, acting in its capacity as the Monitor of the Seller in the CCAA Proceedings, will have no Liability in connection with this Agreement whatsoever in its capacity as Monitor, in its personal capacity or otherwise.

10.2 Chief Restructuring Officer

In executing this Agreement and making any representation, warranty or certification hereunder, the CRO has inquired of the Seller's senior management and has informed himself through and relied upon the results of such inquiry. The CRO has not examined any other Person, reviewed any other document, or otherwise attempted to verify the accuracy or completeness of the information that has been provided to the CRO through the inquiries made of senior management. All representations, warranties and certifications made in respect of this Agreement are expressly qualified by the actual knowledge of the CRO based on the inquiries made to date by the CRO, and it is acknowledged by the Purchaser that the CRO shall have no

personal Liability whatsoever for the execution of this Agreement, any matter contained in this Agreement or any of the representations, warranties, covenants or certifications made herein; provided however that the CRO shall exercise the powers granted to the CRO under the SISP Order and any other Order in the CCAA Proceedings, as applicable, to cause the Seller to perform the Seller's obligations under this Agreement.

10.3 Releases

At the Closing Date or upon termination of this Agreement, the Purchaser releases the CRO, the Monitor, any of their Affiliates and any partner, employee, officer, director, accountant, agent, financial, legal or other representative of any of the Seller, the Monitor or the CRO, from any and all Claims, known or unknown, that the Purchaser may have against such Person relating to, arising out of, or in connection with the negotiation and execution of this Agreement, the transactions contemplated hereunder and any proceedings commenced with respect to or in connection therewith.

10.4 No Survival of Representations and Warranties or Covenants

10.4.1 No representations or warranties, covenants or agreements in this Agreement or in any instrument delivered pursuant to this Agreement shall survive beyond the Closing Date unless expressly provided for herein or therein.

10.4.2 With respect to Claims against the Seller or the Purchaser, no Claim of any nature whatsoever for breach of representations or warranties hereunder may be made, or Action instituted with respect thereto, after the Closing Date.

10.4.3 Notwithstanding the foregoing, the covenants and agreements that by their terms are to be satisfied after the Closing Date shall survive until satisfied in accordance with their terms, including for greater certainty, the Guarantors' obligations hereunder.

10.5 Purchaser Disclosure Supplements

From time to time prior to the Closing, the Purchaser shall have the right to supplement or amend the Schedules hereto with respect to any matter that, if existing, occurring or known at the date of this Agreement, would have been required to be set forth or described in the respective Schedules. The Schedules shall be deemed amended by all such supplements and amendments for all purposes. Without limiting the generality of the foregoing, from the date hereof until the Closing Date, Purchaser shall have the right, upon written notice to Seller, to exclude any Contract that is a "designated assigned contract" on listed on Schedule 2.1.1(i) from the Assigned Contracts, or supplement the list of Assigned Contracts to include any Contract that is related to the Business that should have been listed on Schedule 2.1.1(i) for any reason, provided however that (i) there shall be no reduction to the Purchase Price in respect of any such exclusion (other than in respect of any Cure Cost associated with such Contract), and the Cash Purchase Price shall be increased if so specified with respect to a designated assigned contract as listed on Schedule 2.1.1(i); and (ii) the Purchaser shall have no right (A) to exclude any contract that is a "designated assigned contract" from the list of Assigned Contracts after Purchaser has made a request pursuant to Section 2.3.4(b) that the Seller seek a Court Order authorizing the assignment of such Assigned Contract and (B) to request pursuant to Section 2.3.4(b) that the Seller seek a Court Order authorizing the assignment of any supplemental Assigned Contract that

is added after the later of August 20, 2016 or the date that is 12 days prior to the Closing Date. Any Contract so excluded by Purchaser shall be deemed to no longer be an Assigned Contract and shall be deemed an Excluded Asset. Any disclosure schedules hereto shall be amended to reflect any changes made pursuant to this Section 10.5.

10.6 Remedies

No failure to exercise, and no delay in exercising, any right, remedy, power or privilege under this Agreement by any Party will operate as a waiver of such right, remedy, power or privilege, nor will any single or partial exercise of any right, remedy, power or privilege under this Agreement preclude any other or further exercise of such right, remedy, power or privilege or the exercise of any other right, remedy, power or privilege.

10.7 No Third-Party Beneficiaries

This Agreement is for the sole benefit of the Parties and their permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

10.8 Consent to Amendments; Waivers

No Party shall be deemed to have waived any provision of this Agreement or any of the other Transaction Documents unless such waiver is in writing, and then such waiver shall be limited to the circumstances set forth in such written waiver. This Agreement and the ancillary documents shall not be amended, altered or qualified except by an instrument in writing signed by all the Parties hereto or thereto, as the case may be.

10.9 Successors and Assigns

Except as otherwise expressly provided in this Agreement, all representations, warranties, covenants and agreements set forth in the Transaction Documents by or on behalf of the Parties thereto will be binding upon and inure to the benefit of such Parties and their respective successors and permitted assigns. Neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by any Party without the prior written consent of the other Parties, which consent may be withheld in such Party's sole discretion, except for assignment by the Purchaser to an Affiliate of the Purchaser (provided that the Purchaser remains liable jointly and severally with its assignee Affiliate for the assigned obligations to the Seller).

10.10 Governing Law; Submission to Jurisdiction

10.10.1 Any questions, claims, disputes, remedies or Actions arising from or related to this Agreement, and any relief or remedies sought by any Parties, shall be governed exclusively by the Laws of the Province of British Columbia and the federal laws of Canada applicable therein without regard to the rules of conflict of laws applied therein or any other jurisdiction.

10.10.2 To the fullest extent permitted by applicable Law, each Party (i) agrees that any Claim, Action or proceeding by such Party seeking any relief whatsoever arising

out of, or in connection with, this Agreement or the transactions contemplated hereby shall be brought only in the Court; (ii) agrees to submit to the nonexclusive jurisdiction of the Court for purposes of all legal proceedings arising out of, or in connection with, this Agreement or the transactions contemplated hereby; (iii) waives and agrees not to assert any objection that it may now or hereafter have to the laying of the venue of any such Action brought in such a Court or any Claim that any such Action brought in such a Court has been brought in an inconvenient forum; (iv) agrees that mailing of process or other papers in connection with any such Action or proceeding in the manner provided in Section 10.11 or any other manner as may be permitted by Law shall be valid and sufficient service thereof; and (v) agrees that a judgment in any such Action or proceeding, once finally determined, settled or adjudicated, and all rights to appeal, if any, have been exhausted or have expired, shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Law.

10.11 Notices

All demands, notices, communications and reports provided for in this Agreement shall be deemed given if in writing and delivered, if sent by facsimile, electronic mail, courier or sent by reputable overnight courier service (delivery charges prepaid) to any Party at the address specified below, or at such other address, to the attention of such other Person, and with such other copy, as the recipient Party has specified by prior written notice to the sending Party pursuant to the provisions of this Section 10.11.

(a) If to the Purchaser, to:

Conuma Coal Resources Limited
15 Appledore Lane
P.O. Box 87
Natural Bridge, Virginia 24578
Attention: Thomas M. Clarke

Facsimile:[_____]
Email: tom.clarke@kissito.org

With copies (which shall not constitute notice) to:

[_____]

Conuma Coal Resources Limited
P.O. Box 305
Madison, WV 25130
Attention: Ken McCoy

Facsimile: [_____]
Email: kmccoy@erpfuels.com

(b) If to the Seller, to:

Bill Aziz
WALTER ENERGY CANADA HOLDINGS, INC.
PO Box 2140
235 Front Street
Tumbler Ridge, BC V0C 2W0
Email: baziz@bluetreeadvisors.com

And to:

Marc Wasserman and Patrick Riesterer
OSLER, HOSKIN & HARCOURT LLP
Box 50, 1 First Canadian Place
Toronto, Ontario, M5X 1B8
Facsimile: 416.862.6666
Email: mwasserman@osler.com and priesterer@osler.com

With a copy to the Monitor:

Philip J. Reynolds and Anthony Tillman
KPMG INC.
Bay Adelaide Centre
333 Bay Street, Suite 4600
Toronto, ON M5H 2S5
Fascimile: 416.777.3364 and 604.691.3036
Email: pjreynolds@kpmg.ca and atillman@kpmg.ca

and a copy to counsel to the Monitor:

Wael Rostom and Caitlin Fell
McMillan LLP
181 Bay Street, Suite 440
Toronto, ON M5J 2T3
Fascimile: 416.865.7048
Email: wael.rostom@mcmillan.ca and caitlin.fell@mcmillan.ca

With a copy to the Financial Advisor:

Steve Zelin and Kerry Greer
PJT PARTNERS INC.
280 Park Avenue
New York, NY 10017
Facsimile: [_____]
Email: Zelin@pjtpartners.com and Greer@pjtpartners.com

10.11.2 Any such demand, notice, communication or report shall be deemed to have been given pursuant to this Agreement when delivered personally, when confirmed if by facsimile transmission or electronic mail, or on the calendar day after deposit with a reputable overnight courier service, as applicable.

10.12 Schedules

The Schedules attached hereto constitute a part of this Agreement and are incorporated into this Agreement for all purposes as if fully set forth herein.

10.13 Counterparts

The Parties may execute and deliver this Agreement in two or more counterparts (no one of which need contain the signatures of all Parties), including facsimile or scanned PDF document, with the same effect as if all Parties had executed and delivered the same copy, each of which will be deemed an original and all of which together will constitute one and the same instrument.

10.14 No Presumption

The Parties agree that this Agreement was negotiated fairly among them at arm's length and that the final terms of this Agreement are the product of the Parties' negotiations. Each Party represents and warrants that it has sought and received experienced legal counsel of its own choosing with regard to the contents of this Agreement and the rights and obligations affected hereby. The Parties agree that this Agreement shall be deemed to have been jointly and equally drafted by them, and that the provisions of this Agreement therefore should not be construed against a Party on the grounds that such Party drafted or was more responsible for drafting the provisions.

10.15 Severability

If any provision, clause, or part of this Agreement, or the application thereof under certain circumstances, is held invalid, illegal or incapable of being enforced in any jurisdiction, (i) as to such jurisdiction, the remainder of this Agreement or the application of such provision, clause or part under other circumstances; and (ii) as for any other jurisdiction, any provision of this Agreement, shall not be affected and shall remain in full force and effect, unless, in each case, such invalidity, illegality or unenforceability in such jurisdiction materially impairs the ability of the Parties to consummate the transactions contemplated by this Agreement or to carry out the intent of this Agreement. Upon such determination that any clause or other provision is invalid, illegal or incapable of being enforced in such jurisdiction, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated or carried out as originally contemplated to the greatest extent legally possible including in such jurisdiction.

10.16 Entire Agreement

The Transaction Documents set forth the entire understanding of the Parties relating to the subject matter thereof, and all prior or contemporaneous understandings, agreements,

representations and warranties, whether written or oral, are superseded by the Transaction Documents, and all such prior or contemporaneous understandings, agreements, representations and warranties are hereby terminated. In the event of any irreconcilable conflict between this Agreement and any of the other Transaction Documents, the provisions of this Agreement shall prevail, regardless of the fact that certain Ancillary Agreements may be subject to different governing Laws (unless the other Transaction Documents expressly provides otherwise).

10.17 Guaranty

To induce Seller to enter into this Agreement, each Guarantor hereby unconditionally and irrevocably guarantees (the "**Guaranty**"), as a principal and not as a surety, to Seller and its successors and assigns the obligations of Purchaser hereunder and under each other agreement, document or instrument contemplated hereby or thereby. This Guaranty shall be a continuing guarantee and shall be a guarantee of payment and performance and not merely collection. Suit may be brought or demand may be made against Purchaser or any Guarantor, or against any of them, separately or together, without impairing the rights or remedies of Seller. Seller shall not be required to make any demand upon Purchaser, or to pursue or exhaust all of Seller's rights or remedies against Purchaser, prior to making any demand on or invoking any of Seller's rights and remedies against any Guarantor. Each Guarantor hereby agrees that neither Seller's rights or remedies nor any Guarantor's obligations under the terms of this Guaranty shall be released, diminished, impaired, reduced or affected by any claim or defense that this Guaranty was made without consideration or is not supported by adequate consideration. Seller may, at any time and from time to time, without the consent of, or notice to, any Guarantor, and without discharging any Guarantor from any of its obligations hereunder: (a) amend, modify, alter or supplement this Agreement or any of the other Transaction Documents, in accordance with its or their terms; and (b) exercise, or refrain from exercising, any rights against Purchaser, any Guarantor or any other Person. This Guaranty is binding not only on each Guarantor, but also on each Guarantor's successors and assigns.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the date first written above.

SELLER:

WALTER ENERGY CANADA HOLDINGS, INC.

By: William E. Aziz

Name: William E. Aziz
Title: Chief Restructuring Advisor

WALTER CANADIAN COAL ULC

By: William E. Aziz

Name: William E. Aziz
Title: Chief Restructuring Advisor

WOLVERINE COAL ULC

By: William E. Aziz

Name: William E. Aziz
Title: Chief Restructuring Advisor

BRULE COAL ULC

By: William E. Aziz

Name: William E. Aziz
Title: Chief Restructuring Advisor

WILLOW CREEK COAL ULC

By: William E. Aziz

PINE VALLEY COAL, LTD.

By: William E. Aziz

Name: William E. Aziz
Title: Chief Restructuring Advisor

0541237 B.C. LTD.

By: William E. Aziz

Name: William E. Aziz
Title: Chief Restructuring Advisor

WALTER CANADIAN COAL PARTNERSHIP, by its General Partner, WALTER CANADIAN COAL ULC

By: William E. Aziz

Name: William E. Aziz
Title: Chief Restructuring Advisor

WOLVERINE COAL PARTNERSHIP, by its General Partner, WOLVERINE COAL ULC

By: William E. Aziz

Name: William E. Aziz
Title: Chief Restructuring Advisor

BRULE COAL PARTNERSHIP, by its General Partner, BRULE COAL ULC

By: William E. Aziz

Name: William E. Aziz
Title: Chief Restructuring Advisor

WILLOW CREEK COAL PARTNERSHIP, by its General Partner, WILLOW CREEK COAL ULC

By: William E. Aziz

Name: William E. Aziz
Title: Chief Restructuring Advisor

PURCHASER:

CONUMA COAL RESOURCES LIMITED

By: _____
Name: Thomas M.Clarke

Title: Managing Member and Treasurer

GUARANTORS:

ERP COMPLIANT FUELS, LLC

By: _____
Name: Thomas M. Clarke

Title: Managing Member and Treasurer

ERP COMPLIANT COKE, LLC

By: _____
Name: Thomas M. Clarke

Title: Managing Member and Treasurer

SENECA COAL RESOURCES, LLC

By: _____
Name: Thomas M. Clarke

Title: Managing Member and Treasurer

SEMINOLE COAL RESOURCES, LLC

By: _____
Name: Thomas M. Clarke

Title: Managing Member and Treasurer

Schedule A

List of Seller Entities

1. Walter Canadian Coal ULC
2. Wolverine Coal ULC
3. Brule Coal ULC
4. Willow Creek Coal ULC
5. Pine Valley Coal, Ltd.
6. 0541237 B.C. Ltd.
7. Walter Canadian Coal Partnership
8. Wolverine Coal Partnership
9. Brule Coal Partnership
10. Willow Creek Coal Partnership

This is Exhibit "B" referred to in Affidavit #3 of **William E. Aziz** sworn August 9, 2016 at Bayville, Ontario.

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

DENTONS

John Sandrelli*
Partner

*practising through a law corporation

john.sandrelli@fmc-law.com
D 604 443 7132

Dentons Canada LLP
20th Floor, 250 Howe Street
Vancouver, BC, Canada V6C 3R8

大成 Salans FMC SNR Denton McKenna Long
dentons.com

June 22, 2016

SENT VIA E-MAIL: atillman@kpmg.ca; preynolds@kpmg.ca

Mr. Anthony J. Tillman
Partner, Advisory Services
KPMG LLP
Pacific Centre
777 Dunsmuir Street
PO Box 10426
6th Floor
Vancouver BC V7Y 1K3

Mr. Philip J. Reynolds
Partner
KPMG LLP
Bay Adelaide Centre
Suite 4600
333 Bay Street
Toronto ON M5H 2S5

Dear Sirs/Mesdames:

RE: **1974 Plan Claim and Monitor's Third Report**

We refer to your comments regarding the claim of the 1974 Pension Plan against the Walter Canada entities at paragraphs 32 and 33 of the Third Monitor's Report to Court dated June 22, 2016 (the "Report"). At paragraph 33 of the Report, you state that we advised that "there is no additional information to be provided unless Walter Canada, the CRO or the Monitor have further questions." This statement is not a complete report on the position communicated.

Counsel for Walter Energy asked generally for additional information in support of the claim so that you and the company could review same. We communicated our view that the material provided establishes the validity of the claim, and asked that counsel advise if anything further was required. Counsel for the company asked if we were relying solely on the corporate structure and ERISA in advancing the claim of the 1974 Plan. We responded to clarify that there will be more support provided in the event the 1974 Plan's claim is disputed. We asked for clarification regarding what counsel's issues were, and specifically if the only issue is the enforceability of the claim extraterritorially in Canada. We asked counsel to advise whether there were broader issues which we may be able to address if provided with some feedback. We received a response this morning that counsel is in the process of reviewing the claim based on the information that has been made available and will address the claim after commencement of a claims process. In other words, our request for additional detail on any issues so that we can provide any required additional information has gone unanswered and counsel for Walter Energy has indicated that it will remain so until after the claims process commences. We will clarify for the Court on Friday the detail missing from the Report.

The Report indicates that a structured claims process will soon commence. In anticipation of such process, it would be preferable for Walter Energy and the Monitor to advise whether or not the only issue to be addressed is the enforceability in Canada or whether your analysis identified any other issues so that further information can be provided if required.

Yours truly,
Dentons Canada LLP

John Sandrelli

cc: Counsel for the Monitor – McMillan LLP
Attn: Peter Reardon (peter.reardon@mcmillan.ca)

Counsel for the Petitioners – Osler, Hoskin & Harcourt LLP
Attn.: Marc Wasserman (mwasserman@osler.com)
Attn.: Patrick Riesterer (priesterer@osler.com)

mcmillan

Reply to the Attention of	Peter J. Reardon
Direct Line	604.691.7460
Direct Fax	604.893.2377
Email Address	peter.reardon@mcmillan.ca
Our File No.	236073
Date	June 23, 2016

VIA EMAIL

Dentons Canada LLP
20th Floor, 250 Howe Street
Vancouver, BC V6C 3R8

Attention: John Sandrelli

Dear Sirs/Mesdames:

Re: 1974 Plan Claim and Monitor's Third Report

I have reviewed your letter of June 22, 2016 with the Monitor and with the companies' counsel. I have also reviewed various email exchanges relating to the request for information regarding the claim of the 1974 Plan.

You have been asked to provide any additional relevant information regarding the 1974 Plan Claim. At no time has the Monitor, nor the companies' counsel, withdrawn or limited that request. However, to date, I am not aware of any further information that has been provided.

Consequently, the Monitor and companies' counsel are only able to review the claim based on the information that has been provided by you on behalf of your client. It is our collective position that it is up to the 1974 Plan to provide whatever relevant information that is necessary to prove the claim. It is not incumbent upon the Monitor or companies' counsel to specify what information they would like to see in order to prove your client's claim. It is also our collective view that, given the potential importance of your client's claim to the estate, we should not have to wait for the formal claims process to receive all relevant information regarding proof of the 1974 Plan Claim.

If there is any further relevant information regarding the claim of the 1974 Plan, we reiterate the request that that information be provided to the companies' counsel and the Monitor for review. If no further information is to be forthcoming, please advise and the claim will be assessed on the basis of the material provided.

Yours truly,

Peter J. Reardon

PJR/lav

大成 DENTONS

John Sandrelli*
Partner

*practising through a law corporation

john.sandrelli@fmc-law.com
D 604 443 7132

Dentons Canada LLP
20th Floor, 250 Howe Street
Vancouver, BC, Canada V6C 3R8

大成 Salans FMC SNR Denton McKenna Long
dentons.com

June 29, 2016

SENT VIA E-MAIL: peter.reardon@mcmillan.ca

Peter J. Reardon
Co-Chair, Restructuring and Insolvency and Partner
McMillan LLP
Royal Centre
Suite 1500
1055 West Georgia Street
PO Box 11117
Vancouver BC V6E 4N7

Dear Sirs/Mesdames:

RE: **1974 Plan Claim and Monitor's Third Report**

We refer to your letter dated June 23, 2016. Further to your and Walter Energy's requests for further documentation that may support the 1974 Plan's claim, we have assembled certain documents that set out the 1974 Plan's claim. We note that the attached documents conclusively support the 1974 Plan's claim as enforceable under US law against all entities in the Walter Energy group, including all of the Canadian entities (the "**Group**"). As we previously advised, it would be constructive to understand whether you agree with our position as a matter of US law and the relationship between the members of the Group. While we acknowledge that you have previously raised the potential issue of enforceability in Canada, if such is to be an issue to argue, we would invite a discussion as to an appropriate process to have this issue determined. It would of course be appropriate for the Monitor, given its duty to all stakeholders, to facilitate an agreed process and we look forward to hearing from you.

Attached please see copies of the following:

1. the UMWA 1974 Pension Plan Document (referenced in the proof of claim allowed in the US chapter 11 proceedings);

2. the applicable portions of the 2011 National Bituminous Coal Wage Agreement (the "NBCWA"), the relevant collective bargaining agreement;

3. the applicable sections of ERISA; and

4. the withdrawal liability calculation.

The Plan Document and the NBCWA are both referenced in the proofs of claim that we have already provided to you and Walter Energy. The proofs of claim set out how to calculate the withdrawal liability given the Plan Document, NBCWA and applicable sections of ERISA. The attached withdrawal liability calculation was revised subsequent to the filing of the proofs of claim, and therefore sets out a higher

value than the amount set forth in the proof of claim asserted in the US chapter 11 proceedings. As we have mentioned in Court and in other discussions, the 1974 Plan's claim was allowed in the US chapter 11 proceedings.

We can arrange for a call between the Monitor and US counsel to the 1974 Plan to assist in working through the calculation if that would be helpful.

Yours truly,
Dentons Canada LLP

John Sandrelli

c.c. Mr. Anthony J. Tillman
Mr. Philip J. Reynolds

Counsel for the Petitioners – Osler, Hoskin & Harcourt LLP
Attn.: Marc Wasserman (mwasserman@osler.com)
Attn.: Patrick Riesterer (priesterer@osler.com)

[Enclosures intentionally omitted]

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July 13, 2016

Patrick Riesterer
Direct Dial: 416.862.5947
PRiesterer@osler.com
Our Matter: 1164807

SENT BY EMAIL

Private & Confidential

Mr. John Sandrelli and Ms. Tevia Jeffries
Dentons Canada LLP
250 Howe Street
20th Floor
Vancouver, BC V6C 3R8

Dear Mr. Sandrelli and Ms. Jeffries:

Walter Energy Canada Holdings Inc.

We are writing to provide you with an update regarding the sales process and the proposed timing of the commencement of the claims process.

Sales Process Matters

As you are aware, the bid deadline for the sales process was June 10, 2016 and we expressed our intention to the Honourable Justice Fitzpatrick to return to court in July to seek approval of a going concern sale. Since the June 24, 2016 hearing date, we have continued to work with the going concern bidders in an effort to finalize the terms of a sale. PJT Partners, as financial advisor, sent a letter to the Canadian going concern bidders on Saturday, July 9, 2016 setting out some concerns with the bids received to date and emphasizing the need to provide further clarity. That letter was followed up by conference calls with the bidders and their counsel to point out various changes that need to be made to their bids to finalize them for court approval. The bidders have been given until July 21, 2016 to provide final, binding bids and to satisfy certain other conditions precedent to the acceptance of such bids as the Successful Bid as defined in the court approved sales process. Following July 21, 2016, we will assess the revised bids that we have received and will be in a position to decide whether to accept a bid and bring it forward for approval. At this time, the intention is to make the August 15 stay extension date also the date for approval of a going concern bid.

As you are also aware, Walter Canada and the Monitor have been running a parallel liquidation sale process in an effort to be able to move quickly to an alternative path should the sales process not produce the desired results. If the result of the going concern process are not satisfactory, negotiations with the liquidators will be accelerated with the intention of either signing up a liquidation bid and bringing it to court for approval on

August 15, 2016 or seeking approval of a live auction to permit the estate to achieve the best possible contract that can be reached with a liquidator in the circumstances.

Claims Process Matters

Given the developments in the sales process, Walter Canada now intends to bring forward a claims process for approval at the August 15, 2016 stay extension hearing.

We and the Monitor have exchanged a number of letters with you regarding your claim. We have reviewed the information that was provided in connection with your letter dated June 29, 2016. Please confirm that you have now provided us and the Monitor with all of the relevant information in support of your claim against Walter Canada. We may have further questions regarding your claim at a later date.

Yours very truly,

Patrick Riesterer
Associate

PR:krs

c: William E. Aziz, CRO, *Walter Canada*
Philip Reynolds & Anthony Tillman, *KPMG Inc.*
Wael Rostom & Peter Reardon, *McMillan LLP*
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July 15, 2016

File No.: 564818-1

Sent via E-mail: PRiesterer@osler.com

Counsel for the Petitioners
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Box 50, 1 First Canadian Place
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Attention: Patrick Riesterer

RE: In the Matter of the *CCAA and in the Matter of the Plan of Compromise and Arrangement of Walter Energy Canada Holdings, Inc. and Other Petitioners*
SCBC Action No. S-1510120 (Vancouver Registry)

Dear Mr. Riesterer:

Thank you for your letter dated July 13, 2016. We very much appreciate the update regarding both the sales process and commencement of the claims process.

With respect to the claims process and the 1974 Plan's claim, thank you for advising us of the Company's intention to bring forward a claims process for approval on August 15, 2016. We hope and expect to have a dialogue with you regarding how the Plan's claim is being assessed in advance of the August 15 hearing date. We are happy to answer additional questions regarding the Plan's claim. We note that the documentation we have provided has been outside the context of a claims process, which has yet to be proposed and approved by the Court, and that no bar date has yet been approved.

While we believe we have provided the documentation necessary to support the validity of the Plan's claim, we reserve our rights to provide additional supporting documentation to address any questions or issues you, Walter Energy, the Monitor or the Monitor's counsel may have regarding the Plan's claim. In particular, we would like the opportunity to tailor what we provide to address the Company's or the Monitor's issues, if any, with the claim. If you are taking issue with the extraterritorial nature of the Plan's claim, additional information may be required that is of a different type than if you are taking issue with some other element of the claim.

With respect to the proposal to use the August 15 hearing to approve a sale transaction (whether a going concern or a liquidation), we recognize that negotiating a transaction requires time and that the judge has limited availability. We hope that the Company is able to put forward a transaction that sees an amount available for pre-filing creditors that is greater than what would appear to be available in liquidation according to the summary of liquidation proposals provided. If the distribution available in a going-concern sale is less than the distribution available in a liquidation, it is possible that our client would oppose a going-concern transaction. Given this possibility, we stress our need to receive application materials as soon as possible after July 21, 2016, rather than within a day or so of the August 15 hearing.

Yours truly,
Dentons Canada LLP

Tevia Jeffries

TJ/md

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July 19, 2016

File No.: 564818-1

Sent via E-mail: PRiesterer@osler.com; Peter.Reardon@mcmillan.ca; atillman@kpmg.ca; pjreynolds@kpmg.ca

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Attention: Anthony J. Tillman

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Attention: Philip J. Reynolds

RE: *In the Matter of the CCAA and in the Matter of the Plan of Compromise and Arrangement of Walter Energy Canada Holdings, Inc. and Other Petitioners*
SCBC Action No. S-1510120 (Vancouver Registry)
Liquidation Summary and Going Concern Summary

Dear Sirs/Mesdames:

Thank you for providing the summary of the liquidation bids received on July 6, 2016, and the summary of going concern bids received on June 22, 2016. We have reviewed these summaries with Deloitte and have some follow-up questions.

Regarding the going-concern bid summary, it is unclear how much cash will be available for pre-filing creditors, leading to the following questions:

1. How are bidders determining how much cash is included in the bid, and how does that change as cash is used to fund the process?

2. Will the final transaction, if pursued by Walter Energy, provide some assurance to creditors regarding how much cash will be available for pre-filing liabilities that are not being assumed by the purchaser?

3. Additionally, did the going-concern bidders provide any colour regarding how they are valuing the equipment versus the value they put on the enterprise as a whole?

Regarding the liquidation summary, it is unclear what assets are included in each proposal, and as a result we have the following questions:

1. Can you provide information regarding what assets each liquidation bidder is bidding on?

2. May we see a description of the asset "Lots" or "Groups"?

3. Are any assets excluded from the bids or deemed unsaleable?

4. Do any of the proposals contemplate auctioning the mine en bloc?

Finally, is the Company or is the Monitor considering a hybrid transaction whereby some assets are sold piecemeal in the context of a going-concern transaction?

We look forward to hearing back from you regarding these questions, as well as with respect to the transaction you intend to put forward for court approval in August.

Yours truly,
Dentons Canada LLP

Tevia Jeffries

TJ/md

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July 20, 2016

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Our Matter: 1164807

SENT BY EMAIL

Private & Confidential

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Dear Mr. Sandrelli and Ms. Jeffries:

Walter Energy Canada Holdings, Inc.

Thank you for your letters of July 15, 2016 and July 19, 2016. We have reviewed all of the materials that you provided to us in respect of the claim of the United Mine Workers of America 1974 Pension Plan (the "**1974 Plan**") made against Walter Energy Canada Holdings, Inc. and its Canadian affiliates (collectively, "**Walter Canada**").

We understand that the claim of the 1974 Plan against Walter Canada is solely based on the provisions of the United States statute titled Employee Retirement and Income Security Act of 1974 ("ERISA"), and in particular those provisions of ERISA that impose joint and several liability on legal entities that are within the same 'controlled group' as the contributing employer to a multiemployer pension plan such as the 1974 Plan. Absent the provisions of ERISA, we understand that the pension plan document titled United Mine Workers of America 1974 Pension Plan, effective December 6, 1974, and the related collective bargaining agreements would not give rise to a claim against Walter Canada. You have not provided us with any indication of other grounds on which the 1974 Plan claim is based.

We have analyzed ERISA and are of the view that, among other things, (1) ERISA was not intended to have and does not have extra-territorial effect, such that it could give rise to a claim against Walter Canada; and (2) a Canadian court should not impose liability on Walter Canada on the basis of ERISA even if that statute purported to have extra-territorial effect. The Monitor and its Canadian and U.S. counsel have conducted their own independent review of the merits of the 1974 Plan claim and the Monitor shares Walter Canada's view.

As such, Walter Canada will reject the claim of the 1974 Plan in the claims process that it will conduct pursuant to these *Companies' Creditors Arrangement Act* proceedings. The

1974 Plan will be provided with an opportunity to dispute Walter Canada's rejection of its claim by filing materials with the Supreme Court of British Columbia at the appropriate time. A hearing to assess the merits of the 1974 Plan claim will follow thereafter.

In light of Walter Canada's conclusion regarding the 1974 Plan claim, no further information will be provided to the 1974 Plan advisors in respect of the sales process being conducted by Walter Canada or of the parallel liquidation process being conducted in respect of its assets other than such information as is provided to all persons making claims against Walter Canada.

Notwithstanding the foregoing, we are prepared to consider any further or other materials you may have that would demonstrate that the 1974 Plan claim is enforceable against Walter Canada, including in respect of whether ERISA is effective in Canada.

Further, if the Court were to determine that the 1974 Plan claim is enforceable in Canada, Walter Canada reserves all rights with respect to the 1974 Plan claim, including, without limitation, the right to request further information in respect thereof and to dispute the calculation of the quantum of the 1974 Plan claim contained in any materials provided to us and the Monitor.

We are available to discuss these matters should you have any questions.

Yours very truly,

Patrick Riesterer per KS

Patrick Riesterer
Associate

PR:krs

c: William E. Aziz, CRO, *Walter Canada*
Philip Reynolds & Anthony Tillman, *KPMG Inc.*
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July 22, 2016

File No.: 564818-1

Sent via E-mail: PRiesterer@osler.com

Counsel for the Petitioners
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Box 50, 1 First Canadian Place
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Attention: Patrick Riesterer

RE: In the Matter of the *CCAA and in the Matter of the Plan of Compromise and Arrangement of Walter Energy Canada Holdings, Inc. and Other Petitioners*
SCBC Action No. S-1510120 (Vancouver Registry)

Dear Mr. Riesterer:

We disagree with the Petitioners' unilateral termination of the non-disclosure arrangements with the UMWA 1974 Pension Plan (the "**1974 Plan**"). The Petitioners previously represented to the Court that they would work cooperatively with the 1974 Plan, and that, pursuant to the non-disclosure arrangements agreed to among the parties, the Petitioners would provide information to the 1974 Plan's advisors with respect to the sale process.

The Validity of the 1974 Plan's Claim Has Not Been Determined

The asserted termination of the non-disclosure arrangements relies on a false premise. Absent a decision by the Court that the 1974 Plan's claim is invalid, the 1974 Plan remains, by far, the largest claimant in these proceedings. No such decision has been rendered, and no request for such a determination is before the Court. Nor have the Petitioners and the Monitor sought Court approval of a claims process pursuant to which the 1974 Plan may formally assert its claim and, if necessary, litigate its claim before the Court. In the interim, the Petitioners and the Monitor, who do not have the power or authority to make that determination, should continue to comply with the agreed non-disclosure arrangements. As Her Ladyship noted during the last hearing, the 1974 Plan's claim is significant, and should be taken into account in the context of the proceedings.

Before purporting to terminate those non-disclosure arrangements in your July 20 letter, the Petitioners provided only high-level summaries, and refused to engage with the 1974 Plan's

advisors at a more granular level with respect to potential going concern and liquidation transactions. The 1974 Plan's advisors need additional information in order to properly analyze the proposed transactions, and to assist the 1974 Plan in reaching a position on the transaction that the Petitioners and the Monitor ultimately seek to pursue. By working cooperatively, the parties may be able to resolve any questions or concerns that the 1974 Plan has with respect to the proposed transaction, and ensure a smoother sale process. The failure to respond to our questions does not reflect the good faith with which the parties agreed to proceed, and threatens to delay or otherwise disrupt the sale process.

ERISA is Not the Sole Basis for the 1974 Plan's Claim

We also disagree with the assertion that the claim of the 1974 Plan arises solely under ERISA. The 1974 Plan provided the Petitioners and the Monitor with a copy of the claim filed in the United States bankruptcy early in these proceedings, by way of introduction and explanation. We have, at the Petitioners' request, provided additional supporting documentation, including the UMWA 1974 Pension Plan Document (the "Plan Document"). Section XIV.A of the Plan Document expressly provides that "the Trustees shall calculate and demand payment of withdrawal liability in accordance with Section 4219 of ERISA."

Section XIV.D. also states:

> For purposes of determining whether a withdrawal has occurred and for purposes of assessing withdrawal liability under this Article, all employees of trades or businesses (whether or not incorporated) which are under common control shall be treated as employed by a single Employer and all such trades and businesses as a single Employer.

Accordingly, the Plan Document provides an independent contractual basis for the 1974 Plan's claim.

These proceedings are at a critical point, and the time remaining before the Petitioners seek the Court's approval of a transaction is short. We thus request that the Petitioners and the Monitor reconsider the purported termination of the non-disclosure arrangements. While we would prefer to avoid unnecessary emergency proceedings before the Court, we reserve all rights to seek to compel the Petitioners' compliance with the previously agreed upon non-disclosure arrangements if further information is not forthcoming.

As we are sure you recognize, we may rely upon this letter in any such proceeding, or any required or upcoming application before Her Ladyship.

Yours truly,
Dentons Canada LLP

John R. Sandrelli

JS/md

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July 25, 2016

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Private & Confidential

Mr. John Sandrelli and Ms. Tevia Jeffries
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Vancouver, BC V6C 3R8

Dear Mr. Sandrelli and Ms. Jeffries:

Walter Energy Canada Holdings, Inc.

We are in receipt of your letter of July 22, 2016 and are writing to provide and to obtain important clarifications regarding the statements made therein:

1. Walter Canada has not terminated the NDA and you remain bound by it

In your letter of July 22, 2016 you repeatedly assert that Walter Canada has terminated the confidentiality, non-disclosure and non-use agreement among Walter Canada and the advisors to the 1974 Plan dated May 12, 2016 (the "NDA"). These statements are false. Please confirm immediately that you acknowledge that you remain bound by the terms of the NDA and that you are in compliance with all of its terms or we may be required to take immediate action to seek injunctive relief against you at your cost. We refer you to section 16 of the NDA, wherein you have consented to such injunctive relief in advance.

2. Walter Canada has no obligation to provide you with any information under the NDA or otherwise

The assertions in your letter rely on the false assumption that Walter Canada is required to provide you with information pursuant to the NDA. The NDA expressly provides that Walter Canada is under no such obligation. We refer you to paragraph 14 of the NDA, which states, "It is understood and agreed that this Agreement does not obligate Walter to provide any Information to the Advisors or obligate either of the Parties to enter into any discussions with the Advisors or the Advisor Representatives".

Your statement that Walter Canada has refused to engage with you is also false. You have been provided with information regarding the going concern sales process and regarding the liquidation bids. To date, this information has not been provided to any of Walter Canada's other stakeholders, notwithstanding Walter Canada and the Monitor's

determination that your client's claim has no merit and the fact that other stakeholders have a much more meaningful interest in the outcome of these proceedings. Moreover, we offered you an opportunity to discuss our evaluation of your client's claim. You have declined that opportunity and have instead threatened us with litigation.

3. Walter Canada is not party to the Plan Document

You have been asked several times to provide full details and support for the 1974 Plan's claim against Walter Canada. You have sent piecemeal responses to specific questions asked and have promised more complete responses if and when Walter Canada has provided you with evidence that the 1974 Plan claim is not valid.

Your most recent response references a section of the Plan Document. We have reviewed the Plan Document and the National Bituminous Coal Wage Agreement of 2011. We note that Walter Canada is not a party to these agreements and we have no evidence that Walter Canada agreed to be bound by the terms of the agreements. The provision of the Plan Document is therefore not proof that your client's claim against Walter Canada is valid.

We reiterate the message delivered to you by Monitor's counsel on June 23, 2016: the onus of proving a claim is on the claimant, not on Walter Canada. To date, you have not met that onus. In any event, the claims process will provide you with an opportunity to bring the 1974 Plan claim before the Court for determination.

4. Emergency hearing

As you state in your letter, these proceedings are at a critical juncture. Walter Canada is working hard to reach an agreement that it can bring before the Court for approval. The materials served in respect of such a transaction will demonstrate that the transaction satisfies the test for approval set forth in the CCAA. You will be served with those materials well in advance of the transaction approval hearing.

Walter Canada and its advisors are working to maximize the value of Walter Canada's assets for the benefit of all its stakeholders. Any so-called "emergency hearing" in advance of the August 15 date would not be a productive use of Walter Canada's time, the Court's time or the time of the other stakeholders in these CCAA proceedings.

We are available to discuss these matters should you have any questions.

Yours very truly,

Patrick Riesterer
Associate

PR:krs

c: William E. Aziz, CRO, *Walter Canada*
Philip Reynolds & Anthony Tillman, *KPMG Inc.*
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July 27, 2016

File No.: 564818-1

Sent via E-mail: PRiesterer@osler.com

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Attention: Patrick Riesterer

RE: In the Matter of the *CCAA and in the Matter of the Plan of Compromise and Arrangement of Walter Energy Canada Holdings, Inc. and Other Petitioners*
SCBC Action No. S-1510120 (Vancouver Registry)

Dear Mr. Riesterer:

We are in receipt of your letter dated July 25, 2016. Of course, all of the advisors to the UMWA 1974 Pension Plan (the "1974 Plan") are in compliance and will continue to comply with the non-disclosure agreement. Nothing in our letter dated July 22, 2016, suggested otherwise. In any event, the obligation to maintain confidentiality survives termination of the agreement.

We disagree with the Petitioners' position that it has no obligation to provide the 1974 Plan with any information. As noted in our letter dated July 22, 2016, the 1974 Plan is the largest claimant in these proceedings. We acknowledge that the claim is disputed; however, that is not a reason to exclude the 1974 Plan from the process and cease providing the information to its advisors. Moreover, the Petitioners previously represented to the Court that they would work cooperatively with the 1974 Plan, and that the Petitioners would provide information to the 1974 Plan's advisors with respect to the sale process. Further, assuming Walter Energy's goal remains closing a sale transaction "to maximize the value of the Walter Canada Group's business" as stated in the Petitioners' pleadings in seeking court-approval of the sales process, there is no harm to Walter Energy in continuing to engage with the 1974 Plan as it has been doing.

As you state in your letter, the claims process will provide us with the opportunity to bring the 1974 Plan's claim before the Court. As we have stated previously, Walter Canada is liable under the Plan Document because liability is imposed on all members of a controlled group. We understand that, in the context of the claims process, the Court will have to determine whether

liability reaches the Canadian entities but we are of the view that it does. Cutting off information flow two weeks before approval of a sale transaction is sought and two weeks before the claims process is even approved serves no purpose. The onus of proof to which you refer in your letter applies in a claims process under the CCAA, which has not yet been approved or commenced. There is no reason for you to pre-judge the claim now.

With respect to a hearing in advance of August 15, if you continue to cooperate with us as you represented to the Court that you would, there is no need for such a hearing. Please advise whether you will continue to communicate with us and provide information, as we understood would be the case. If not, we will take the steps we deem advisable to protect the interests of the 1974 Plan, which may include applying to the Court for relief.

Yours truly,
Dentons Canada LLP

per
John R. Sandrelli

JS/md

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August 5, 2016

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Attention: Philip J. Reynolds

Chief Restructuring Officer
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Attention: William E. Aziz

RE: ***In the Matter of the CCAA and In the Matter of the Plan of Compromise and Arrangement of Walter Energy Canada Holdings, Inc. and Other Petitioners***
SCBC Action No. S-1510120 (Vancouver Registry)

Dear Sirs/Mesdames:

Thank you for taking the time to speak with us this week and providing further information regarding the status of the sale process and the going-concern transaction you are hoping to be in a position to bring to Court for approval.

As discussed on our call, we understand that the Monitor will set out in its report to the Court a comparison between any going-concern transaction sought by the Petitioners and the best of the liquidation proposals submitted. This comparison will be necessary for the Court and stakeholders to assess the results of the two paths pursued by Walter Energy. If the proposed going-concern transaction compares favourably with the liquidation scenarios, we agree that it is likely to result in the support of pre-filing creditors, including the UMWA 1974 Pension Plan.

As stated in our letter dated July 27, 2016, a claims process has not yet been approved or commenced, and as such a disputed claim remains a claim within the CCAA process. As a result, the 1974 Plan remains a stakeholder in Walter Canada's CCAA proceedings. Notwithstanding the disputed nature of the 1974 Plan's claim, the Court has agreed to hear us in previous hearings, and likely will hear us again, unless and until the Court makes an adverse determination of the claim pursuant to a claims process or otherwise. Therefore, notwithstanding the Petitioners' view of the merits of the 1974 Plan's claim, we once again urge you to provide further and detailed information that will enable the 1974 Plan to evaluate the proposed transaction, including by way of comparison to the other bids that the Petitioners received as well as the net effect of the liquidation alternative.

In the meantime, we will follow up with the Monitor and its counsel regarding their offer to walk John Sandrelli and me through the costs associated with the liquidation proposals that were not evident in the bid summary provided.

We look forward to seeing your application materials for the August 15 hearing.

Yours truly,
Dentons Canada LLP

Tevia Jeffries

Cc: Counsel for the Petitioners
Attn: Marc Wasserman, Osler, Hoskin & Harcourt LLP (MWasserman@osler.com)

Counsel for the Petitioners
Attn: Mary Buttery, DLA Piper (Canada) LLP (mary.buttery@dlapiper.com)

Counsel for the Monitor
Attn: Wael Rostom, McMillan LLP (wael.rostom@mcmillan.ca)

This is Exhibit "C" referred to in Affidavit #3 of **William E. Aziz** sworn August 9, 2016 at Bayville, Ontario.

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

PJT Partners

PJT

April 1, 2016

Marc Wasserman
Osler, Hoskin & Harcourt LLP
100 King Street West
1 First Canadian Place
Suite 6200, P.O. Box 50
Toronto ON M5X 1B

Dear Marc:

This letter confirms the understanding and agreement (the "**Agreement**") between PJT Partners LP ("**PJT Partners**") and Osler, Hoskin & Harcourt LLP ("**Counsel**"), as counsel to Walter Energy Canada Holdings, Inc. (together with any affiliates and subsidiaries, the "**Company**"), regarding the retention of PJT Partners on an exclusive basis by Counsel effective as of December 7, 2015 (the "**Effective Date**") as the Company's investment banker for the purposes set forth herein. PJT Partners, Counsel, and the Company each agree that this Agreement shall amend and restate in full the letter agreement dated December 31, 2015, which shall be of no further force or effect.

Under this Agreement, PJT Partners will provide investment banking services to Counsel in connection with a possible restructuring of certain liabilities of the Company and the sale, merger or other disposition of all or a portion of the capital stock or assets of the Company (a "**Transaction**"), and will assist Counsel in analyzing, structuring, negotiating and effecting the Restructuring or Transaction pursuant to the terms and conditions of this Agreement; provided, for greater certainty, that a Transaction shall not include a liquidation of the Company's assets by auctioneers or other liquidators after or resulting from the discontinuation of an SISP (as defined below). As used in this Agreement, the term "**Restructuring**" shall mean, collectively, (i) any restructuring, reorganization and/or recapitalization of the Company and/or sale or other disposition of substantially all of the assets of the Company affecting existing or potential debt obligations or other claims, including, without limitation, senior debt, junior debt, trade claims, general unsecured claims, and preferred stock (collectively, the "**Obligations**"), whether or not pursuant to the Canada Business Corporations Act ("**CBCA**"), comparable provincial legislation, the Companies' Creditors Arrangement Act ("**CCAA**") or the Bankruptcy and Insolvency Act ("**BIA**") in Canada, and/or (ii) any complete or partial repurchase, refinancing, extension or repayment by the Company of any of the Obligations, whether or not under the CBCA, CCAA or BIA.

The investment banking services to be rendered by PJT Partners may include the following:

(a) advise the Company in the sale, merger or other disposition of all or a portion of the Company or its assets;

(b) assist the Company in preparing marketing materials in conjunction with a possible Transaction;

(c) develop of a list of potential purchasers for a Transaction and consult with the Company and the Monitor from time to time as to such potential purchasers;

(d) assist the Company and the Monitor in designing an appropriate sale and investment solicitation process ("**SISP**") and in in running such SISP

(e) assist the Company to develop due diligence materials and manage the due diligence process for interested parties;

(f) assist and advise the Company concerning the terms, conditions and impact of any proposed Transaction;

(g) assist in the evaluation of the Company's businesses and prospects;

(h) assist in the development of the Company's long-term business plan and related financial projections;

(i) assist in the development of financial data and presentations to the Company's Board of Directors, various creditors and other third parties;

(j) analyze various restructuring scenarios and the potential impact of these scenarios on the recoveries of those stakeholders impacted by the Restructuring;

(k) provide strategic advice with regard to restructuring or refinancing the Company's Obligations;

(l) evaluate the Company's debt capacity and alternative capital structures;

(m) participate in negotiations among the Company and its creditors, suppliers, lessors and other interested parties;

(n) value securities offered by the Company in connection with a Restructuring;

(o) advise the Company and negotiate with lenders with respect to potential waivers or amendments of various credit facilities;

(p) assist in arranging financing for the Company, as requested;

(q) assist in the preparation of affidavit evidence in the event of an in court restructuring under the CCAA, BIA or CBCA; and

(r) provide such other advisory services as are customarily provided in connection with the analysis and negotiation of a Restructuring or a Transaction, as requested and mutually agreed.

Notwithstanding anything contained in this Agreement to the contrary, PJT Partners shall have no responsibility for designing or implementing any initiatives to improve the Company's operations, profitability, cash management or liquidity. PJT Partners makes no representations or warranties about the Company's ability to (i) successfully improve its operations, (ii) maintain or secure sufficient liquidity to operate its business, or (iii) successfully complete a Restructuring. PJT Partners is retained under this Agreement solely to provide advice regarding a Restructuring or a Transaction, and is not being retained to provide "crisis management."

It is agreed that the Company will pay the following fees to PJT Partners for its investment banking services (all fees and expenses payable to PJT Partners pursuant to this Agreement shall be payable solely by the Company; Counsel shall have no obligation to pay PJT Partners' fees or expenses):

(i) a monthly advisory fee (the "**Monthly Fee**") in the amount of USD$100,000, per month, in cash, with the first Monthly Fee payable upon the day after the Company's ultimate parent, Walter Energy, Inc., closes the sale of substantially all of its assets (the "**Sale Date**") as part of its current chapter 11 cases that are jointly administered by the United States Bankruptcy Court, Northern District of Alabama (Case No. 15-02741) and additional installments of such Monthly Fee payable in advance on each monthly anniversary of the Sale Date;

(ii) a capital raising fee (the "**Capital Raising Fee**") for any financing arranged by PJT Partners, at the Company's request, earned and payable upon receipt of a binding commitment letter. If access to the financing is limited by orders of the bankruptcy court, a proportionate fee shall be payable with respect to each available commitment (irrespective of availability blocks, borrowing base, or other similar restrictions). The Capital Raising Fee will be calculated as 0.5% of the total issuance size for DIP Financing, 1.0% of the total issuance size for senior debt, 2.0% of the total issuance size for junior debt financing, and 5.0% of the issuance amount for equity financing raised up to $100 million and 3.0% for amounts raised over $100 million;

(iii) upon the consummation of a Transaction, a Transaction fee ("**Transaction Fee**") payable in cash at the closing of such Transaction directly out of the gross proceeds of the Transaction equal to:

(iv) 2.0% of all Consideration up to USD$50,000,000; plus

(v) 1.5% of all Consideration between USD$50,000,000 and USD$100,000,000; plus

(vi) 1.0% of all Consideration between USD$100,000,000 and USD$200,000,000; plus

(vii) 0.9% of all Consideration between USD$200,000,000 and USD$1,000,000,000; plus

(viii) 0.75% for all Consideration between USD$1,000,000,000 and USD$2,000,000,000; plus

(ix) 0.5% of all Consideration above USD$2,000,000,000.

In this Agreement, "Consideration" means the gross value of all cash, securities and other properties paid or payable, directly or indirectly, in one transaction or in a series or combination of transactions, in connection with the Transaction or a transaction related thereto (including, without limitation, amounts paid (A) pursuant to covenants not to compete or similar arrangements and (B) to holders of any warrants, stock purchase rights, convertible securities or similar rights and to holders of any options or stock appreciation rights, whether or not vested). Consideration shall also include (i) (I) in the case of the sale, exchange or

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purchase of the Company's equity securities the principal amount of any indebtedness for borrowed money, preferred stock obligations, any pension liabilities, capital leases, guarantees and any other long-term liabilities as set forth on the most recent consolidated balance sheet of the Company prior to the consummation of such sale, exchange or purchase or (II) in the case of a sale or disposition of assets by the Company the principal amount of any indebtedness for borrowed money, preferred stock obligations, any pension liabilities, capital leases, guarantees and any other long-term liabilities indirectly or directly assumed or acquired, and (ii) any indebtedness for borrowed money, preferred stock obligations, any pension liabilities, capital leases, guarantees and any other long-term liabilities that are or otherwise repaid or retired, in connection with or in anticipation of the Transaction. Consideration shall also include the aggregate amount of any extraordinary dividend or distribution made by the Company from the date hereof until the Closing of the Transaction. Consideration shall include all amounts paid into escrow and all contingent payments payable in connection with the Transaction, with fees on amounts paid into escrow to be payable upon the establishment of such escrow and fees on contingent payments to be payable when such contingent payments are made. If the Consideration to be paid is computed in any foreign currency, the value of such foreign currency shall, for purposes hereof, be converted into U.S. dollars at the prevailing exchange rate on the date or dates on which such Consideration is paid.

In this Agreement, the value of any securities (whether debt or equity) or other property paid or payable as part of the Consideration shall be determined as follows: (1) the value of securities that are freely tradable in an established public market will be determined on the basis of the last market closing price prior to the public announcement of the Transaction; and (2) the value of securities that are not freely tradable or have no established public market or, if the Consideration utilized consists of property other than securities, the value of such other property shall be the fair market value thereof as mutually agreed by the parties hereto; and

(x) reimbursement of all reasonable out-of-pocket expenses incurred during this engagement, including, but not limited to, travel and lodging, direct identifiable data processing, document production, publishing services and communication charges, courier services, working meals, reasonable fees and expenses of PJT Partners' counsel and other necessary expenditures, payable upon rendition of invoices setting forth in reasonable detail the nature and amount of such expenses. In connection therewith the Company shall pay PJT Partners on the date hereof and maintain thereafter a USD$25,000 expense advance for which PJT Partners shall account upon termination of this Agreement.

The Company is subject to proceedings under the CCAA ("**In-Court Proceeding**") and the Company shall use its best efforts to promptly apply to the court having jurisdiction over the In-Court Proceeding (the "**Court**") for the approval of (A) this Agreement, including the attached indemnification agreement; (B) PJT Partners' retention by the Company under the terms of this Agreement; (C) a first-ranking super-priority charge on the Company's assets, property and undertakings to secure the Monthly Fee and all disbursements incurred by PJT Partners' pursuant to this Agreement (which charge shall form part of the Administration Charge as defined in the

December 7, 2015 order of the Court in the In-Court Proceeding (the "**Initial Order**")), both before and after the commencement of the In-Court Proceeding; and (D) a super-priority charge on the Company's assets, property and undertakings to secure the Transaction Fee and Capital Raising Fee ranking after the Administration Charge, the D&O Charge (as defined in the Initial Order) and any key employee retention program charge granted by the Court. The Company shall supply PJT Partners with a draft of such application and any proposed order authorizing PJT Partners' retention sufficiently in advance of the filing of such application and proposed order to enable PJT Partners and its counsel to review and comment thereon. PJT Partners shall have no obligation to provide any services under this Agreement in the event that the Company becomes a debtor under an In-Court Proceeding unless PJT Partners' retention under the terms of this Agreement is approved by a final order of the Court no longer subject to appeal, rehearing, reconsideration or petition for certiorari, and which order is acceptable to PJT Partners in all respects. In the event that the Company becomes a debtor under an In-Court Proceeding and PJT Partners' engagement hereunder is approved by the Court, the Company shall pay all fees and expenses of PJT Partners hereunder as promptly as practicable in accordance with the terms hereof. Prior to commencing an In-Court Proceeding, the Company shall pay all invoiced amounts to PJT Partners in immediately available funds by wire transfer.

Each of the Company and Counsel acknowledges and agrees that PJT Partners' restructuring expertise as well as its capital markets knowledge, financing skills and mergers and acquisitions capabilities, some or all of which may be required by the Company during the term of PJT Partners' engagement hereunder, were important factors in determining the amount of the various fees set forth herein, and that the ultimate benefit to the Company of PJT Partners' services hereunder could not be measured merely by reference to the number of hours to be expended by PJT Partners' professionals in the performance of such services. Each of the Company and Counsel also acknowledges and agrees that the various fees set forth herein have been agreed upon by the parties in anticipation that a substantial commitment of professional time and effort will be required of PJT Partners and its professionals hereunder over the life of the engagement, and in light of the fact that such commitment may foreclose other opportunities for PJT Partners and that the actual time and commitment required of PJT Partners and its professionals to perform its services hereunder may vary substantially from week to week or month to month, creating "peak load" issues for the firm. In addition, given the numerous issues which PJT Partners may be required to address in the performance of its services hereunder, PJT Partners' commitment to the variable level of time and effort necessary to address all such issues as they arise, and the market prices for PJT Partners' services for engagements of this nature in an In-Court Proceeding, each of the Company and Counsel agrees that the fee arrangements hereunder (including the Monthly Fee, Capital Raise Fee and Transaction Fee) are reasonable.

The advisory services and compensation arrangement set forth in this Agreement do not encompass other investment banking services or transactions that may be undertaken by PJT Partners at the request of Counsel or the Company, including the arranging of debt or equity capital (except as provided above), issuing fairness opinions or any other specific services not set forth in this Agreement. The terms and conditions of any such investment banking services, including compensation arrangements, would be set forth in a separate written agreement between PJT Partners and the appropriate party.

Except as contemplated by the terms hereof or as required by applicable law, regulation or legal process, for a period of two years from the date hereof, PJT Partners shall keep confidential all

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material non-public information provided to it by or at the request of the Company, and shall not disclose such information to any third party or to any of its employees or advisors except to those persons who have a need to know such information in connection with PJT Partners' performance of its responsibilities hereunder and who are advised of the confidential nature of the information and who agree to keep such information confidential.

The Company and Counsel will furnish or cause to be furnished to PJT Partners such information as PJT Partners believes appropriate to its assignment (all such information so furnished being the "**Information**"). The Company and Counsel further agree to provide PJT Partners with reasonable access to Counsel and the Company and its directors, officers, employees and advisers. The Company and Counsel shall inform PJT Partners promptly upon becoming aware of any material developments relating to the Company which the Company and Counsel reasonably expect may impact the proposed Transaction or if the Company or Counsel become aware that any Information provided to PJT Partners is, or has become, untrue, unfair, inaccurate or misleading in any way. Furthermore, the Company and Counsel warrant and undertake to PJT Partners in respect of all Information supplied by the Company and Counsel, that the Company and Counsel have not obtained any such Information other than by lawful means and that disclosure to PJT Partners will not breach any agreement or duty of confidentiality owed to third parties. The Company and Counsel recognize and confirm that PJT Partners (a) will use and rely primarily on the Information and on information available from generally recognized public sources in performing the services contemplated by this Agreement without having independently verified the same, (b) does not assume responsibility for the accuracy or completeness of the Information and such other information, (c) is entitled to rely upon the Information without independent verification, and (d) will not make an appraisal of any assets in connection with its assignment.

In the event that the Information belonging to the Company is stored electronically on PJT Partners' computer systems, PJT Partners shall not be liable for any damages resulting from unauthorized access, misuse or alteration of such information by persons not acting on its behalf, provided that PJT Partners exercises the same degree of care in protecting the confidentiality of, and in preventing unauthorized access to, the Company's information that it exercises with regard to its own most sensitive proprietary information.

PJT Partners acknowledges and agrees that the work product produced by PJT Partners pursuant to this Agreement is for the purpose of facilitating the rendering by Counsel of legal advice to the Company and constitutes attorney work product, and that any communication to Counsel, including, without limitation, any correspondence, analyses, reports and related materials that PJT Partners prepares, constitutes confidential and privileged communications and PJT Partners will not disclose the same or any of the Information to any other person except as requested by Counsel.

Except as required by applicable law, any advice to be provided by PJT Partners under this Agreement shall not be disclosed publicly or made available to third parties (other than the Company's other professional advisors, the Monitor or, if appropriate in the Company's judgment, in any filings in the In-Court Proceeding) without the prior written consent of PJT Partners. All services, advice and information and reports provided by PJT Partners to the Counsel in connection with this assignment shall be for the sole benefit of Counsel and the Company and shall not be relied upon by any other person.

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The Company acknowledges and agrees that PJT Partners will provide its investment banking services exclusively to the members of the Board of Directors and senior management of the Company and not to the Company's shareholders or other constituencies. The Board of Directors and senior management will make all decisions for the Company regarding whether and how the Company will pursue a Restructuring or Transaction and on what terms and by what process. In so doing, the Board of Directors and senior management will also obtain the advice of the Company's legal, tax and other business advisors and consider such other factors which they consider appropriate before exercising their independent business judgment in respect of a Restructuring or Transaction. The Company further acknowledges and agrees that PJT Partners has been retained to act solely as investment banker to the Company and does not in such capacity act as a fiduciary for the Company or any other person. PJT Partners shall act as an independent contractor and any duties of PJT Partners arising out of its engagement pursuant to this Agreement shall be owed solely to the Company.

In consideration of PJT Partners' agreement to provide investment banking services to Counsel in connection with this Agreement, it is agreed that the Company will indemnify PJT Partners and its agents, representatives, members and employees. A copy of our standard form of indemnification agreement is attached to this Agreement as Attachment A. PJT Partners acknowledges Counsel has no obligation to indemnify PJT Partners.

PJT Partners' engagement hereunder may be terminated upon 30 days' written notice without cause by either Counsel or PJT Partners; termination for cause by either party will occur forthwith. Notwithstanding the foregoing, (a) the provisions relating to the payment of fees and expenses accrued through the date of termination, the status of PJT Partners as an independent contractor and the limitation as to whom PJT Partners shall owe any duties will survive any such termination, (b) any such termination shall not affect the Company's obligations under the indemnification agreement attached as Attachment A or PJT Partners' confidentiality obligations hereunder and (c) PJT Partners shall be entitled to the Transaction Fee in the event that at any time prior to the expiration of 24 months following the termination of this Agreement (unless such termination is by Counsel or the Company for gross negligence or willful misconduct) a definitive agreement with respect to a Restructuring or a Transaction, respectively, is executed and a Restructuring or Transaction, respectively, is thereafter consummated.

The Company represents that neither it nor any of its affiliates under common control, nor, to the knowledge of the Company, any of their respective directors or officers, is an individual or entity ("Person") that is, or is owned or controlled by a Person that is: (i) a Person with whom dealings are restricted or prohibited under U.S. economic sanctions (including those administered or enforced by the U.S. Department of Treasury's Office of Foreign Assets Control) or similar sanctions imposed by another relevant sanctions authority (collectively, "Sanctions"); or (ii) to the knowledge of the Company, not in compliance in all material respects with all applicable anti-money laundering laws and Sanctions.

The Company should be aware that PJT Partners and/or its affiliates may be providing or may in the future provide financial or other services to other parties with conflicting interests. Consistent with PJT Partners' policy to hold in confidence the affairs of its clients, PJT Partners will not use confidential information obtained from the Company except in connection with PJT Partners' services to, and PJT Partners' relationship with, the Company, nor will PJT Partners use on the Company's behalf any confidential information obtained from any other client.

Notwithstanding anything to the contrary provided elsewhere herein, the Company expressly acknowledges and agrees that none of the provisions of this Agreement shall in away restrict PJT Partners from being engaged or mandated by any third party, or otherwise participating or assisting with any transaction involving any other party.

This Agreement (including the attached indemnification agreement) embodies the entire agreement and understanding between the parties hereto and supersedes all prior agreements and understandings relating to the subject matter hereof. If any provision of this Agreement is determined to be invalid or unenforceable in any respect, such determination will not affect or impair such provision or the remaining provisions of this Agreement in any other respect, which will remain in full force and effect. No waiver, amendment or other modification of this Agreement shall be effective unless in writing and signed by each party to be bound thereby. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York applicable to contracts executed in and to be performed in that state.

The Company and Counsel hereby agree that any action or proceeding brought by the Company or Counsel against PJT Partners based hereon or arising out of PJT Partners' engagement hereunder, shall be brought and maintained by the Company or Counsel exclusively in the Supreme Court of British Columbia. Counsel irrevocably submits to the jurisdiction of the Supreme Court of British Columbia and appellate courts from any thereof for the purpose of any action or proceeding based hereon or arising out of PJT Partners' engagement hereunder and irrevocably agrees to be bound by any judgment rendered thereby in connection with such action or proceedings. Counsel hereby irrevocably waives, to the fullest extent permitted by law, any objection it may have or hereafter may have to the laying of venue of any such action or proceeding brought in any such court referred to above and any claim that such action or proceeding has been brought in an inconvenient forum and agrees not to plead or claim the same.

[SIGNATURE PAGE FOLLOWS]

Please confirm that the foregoing correctly sets forth our agreement by signing and returning to PJT Partners the duplicate copy of this Agreement and the indemnification agreement attached hereto as Attachment A.

Very truly yours,

PJT PARTNERS LP

By: PJT Management, LLC, its general partner

By: _____

Name: Steven Zelin
Title: Partner

By: _____

Name: Karl Knapp
Title: Partner

Accepted and Agreed to as
of the date first written above:

WALTER ENERGY CANADA HOLDINGS, INC.

By: _____

Name: DANNY L. STICKEL
Title: DIRECTOR

OSLER, HOSKIN & HARCOURT LLP

By: _____

Name: Marc Wasserman
Title: Partner

ATTACHMENT A

April 1, 2016

PJT Partners LP
280 Park Avenue
New York, NY 10017

INDEMNIFICATION AGREEMENT

Ladies and Gentlemen:

This letter will confirm that we have engaged PJT Partners LP ("**PJT Partners**") to advise and assist us in connection with the matters referred to in our letter of agreement dated as of April 1, 2016 (the "**Engagement Letter**"). In consideration of your agreement to act on our behalf in connection with such matters, we agree to indemnify and hold harmless you and your affiliates and your and their respective partners (both general and limited), members, officers, directors, employees and agents and each other person, if any, controlling you or any of your affiliates (you and each such other person being an "**Indemnified Party**") from and against any losses, claims, damages, expenses and liabilities whatsoever, whether they be joint or several, related to, arising out of or in connection with the engagement under the Engagement Letter, including without limitation, any related services and activities prior to the date of the Engagement Letter (the "**Engagement**") and will reimburse each Indemnified Party for all expenses (including fees, expenses and disbursements of counsel) as they are incurred in connection with investigating, preparing, pursuing, defending, or otherwise responding to, or assisting in the defense of any action, claim, suit, investigation or proceeding related to, arising out of or in connection with the Engagement or this agreement, whether or not pending or threatened, whether or not any Indemnified Party is a party, whether or not resulting in any liability and whether or not such action, claim, suit, investigation or proceeding is initiated or brought by us. We also agree to cooperate with PJT Partners and to give, and so far as it is able to procure the giving of, all such information and render all such assistance to PJT Partners as PJT Partners may reasonably request in connection with any such action, claim, suit, proceeding, investigation or judgment and not to take any action which might reasonably be expected to prejudice the position of PJT Partners or its affiliates in relation to any such action, claim, suit, proceeding, investigation or judgment without the consent of PJT Partners (such consent not to be unreasonably withheld). In the event that PJT Partners is requested or authorized by us or required by government regulation, subpoena or other legal process to produce documents, or to make its current or former personnel available as witnesses at deposition or trial, arising as a result of or in connection with the Engagement, we will, so long as PJT Partners is not a party to the proceeding in which the information is sought, pay PJT Partners the fees and expenses of its counsel incurred in responding to such a request. We will not, however, be liable under the foregoing indemnification provision for any losses, claims, damages or liabilities (or expenses relating thereto) that are finally judicially determined by a court of competent jurisdiction to have primarily resulted from the gross negligence or willful misconduct of PJT Partners. We also

agree that no Indemnified Party shall have any liability (whether direct or indirect, in contract or tort or otherwise) to us or our owners, parents, affiliates, security holders or creditors for or in connection with the Engagement except for any such liability for losses, claims, damages or liabilities incurred by us that are finally judicially determined by a court of competent jurisdiction to have primarily resulted from the gross negligence or willful misconduct of PJT Partners.

If the indemnification provided for in the preceding paragraph is for any reason unavailable to an Indemnified Party in respect of any losses, claims, damages or liabilities referred to herein (other than as a result of gross negligence or willful misconduct by such Indemnified Party), then, in lieu of indemnifying such Indemnified Party hereunder, we shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages or liabilities (and expenses relating thereto) in such proportion as is appropriate to reflect not only the relative benefits received (or anticipated to be received) by you, on the one hand, and us, on the other hand, from the Engagement but also the relative fault of each of you and us, as well as any other relevant equitable considerations; provided, however, to the extent permitted by applicable law, in no event shall your aggregate contribution to the amount paid or payable exceed the aggregate amount of fees actually received by you under the Engagement Letter. For the purposes of this agreement, the relative benefits to us and you of the Engagement shall be deemed to be in the same proportion as (a) the total value paid or contemplated to be paid or received or contemplated to be received by us, our security holders and our creditors in the transaction or transactions that are subject to the Engagement, whether or not any such transaction is consummated, bears to (b) the fees paid or to be paid to PJT Partners under the Engagement Letter (excluding any amounts paid as reimbursement of expenses).

Neither party to this agreement will, without the prior written consent of the other party (which consent will not be unreasonably withheld), settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought hereunder (a "**Judgment**"), whether or not we or any Indemnified Party are an actual or potential party to such claim, action, suit or proceeding. In the event that we seek to settle or compromise or consent to the entry of any Judgment, we agree that such settlement, compromise or consent (i) shall include an unconditional release of PJT Partners and each other Indemnified Party hereunder from all liability arising out of such claim, action, suit or proceeding, (ii) shall not include a statement as to, or an admission of, fault, culpability or a failure to act by or on behalf of PJT Partners or each other Indemnified Party, and (iii) shall not impose any continuing obligations or restrictions on PJT Partners or each other Indemnified Party.

Promptly after receipt by an Indemnified Party of notice of any complaint or the commencement of any action or proceeding with respect to which indemnification is being sought hereunder, such person will notify us in writing of such complaint or of the commencement of such action or proceeding, but failure to so notify us will not relieve us from any liability which we may have hereunder or otherwise, except to the extent that such failure materially prejudices our rights. If we so elect or are requested by such Indemnified Party, we will assume the defense of such action or proceeding, including the employment of counsel reasonably satisfactory to PJT Partners and the payment of the fees and disbursements of such counsel.

In the event, however, such Indemnified Party reasonably determines in its judgment that having common counsel would present such counsel with a conflict of interest or if we fail to assume the defense of the action or proceeding in a timely manner, then such Indemnified Party may employ separate counsel reasonably satisfactory to us to represent or defend it in any such action or proceeding and we will pay the fees and disbursements of such counsel; provided, however, that we will not be required to pay the fees and disbursements of more than one separate counsel for all Indemnified Parties in any jurisdiction in any single action or proceeding. In any action or proceeding the defense of which we assume, the Indemnified Party will have the right to participate in such litigation and to retain its own counsel at such Indemnified Party's own expense.

The foregoing reimbursement, indemnity and contribution obligations of ours under this agreement shall be in addition to any rights that an Indemnified Party may have at common law or otherwise, and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of ours and such Indemnified Party. We agree that the indemnity and reimbursement obligations of ours set out herein shall be in addition to any liability which we may otherwise have under the Engagement Letter and applicable law and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of ours, PJT Partners and any such Indemnified Party.

[SIGNATURE PAGE FOLLOWS]

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The provisions of this agreement shall apply to the Engagement, as well as any additional engagement of PJT Partners by us in connection with the matters which are the subject of the Engagement, and any modification of the Engagement or additional engagement and shall remain in full force and effect regardless of any termination or the completion of your services under the Engagement Letter.

This agreement and the Engagement Letter shall be governed by, and construed in accordance with the laws of the State of New York applicable to contracts executed in and to be performed in that state.

Very truly yours,

WALTER ENERGY CANADA HOLDINGS, INC.

By: Danny L Stickel

Name: DANNY L. STICKEL
Title: DIRECTOR

Accepted and Agreed to as
of the date first written above:

PJT PARTNERS LP

By: PJT Management, LLC, its general partner

By: _____
Name: Steve Zelin
Title: Partner

By: _____
Name: Karl Knapp
Title: Partner

This is Exhibit "D" referred to in Affidavit #3 of **William E. Aziz** sworn August 9, 2016 at Bayville, Ontario.

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

PJT Partners

~~December 30, 2015~~

April [ ], 2016

Marc Wasserman
Osler, Hoskin & Harcourt LLP
100 King Street West
1 First Canadian Place
Suite 6200, P.O. Box 50
Toronto ON M5X 1B

Dear Marc:

This letter confirms the understanding and agreement (the "**Agreement**") between PJT Partners LP ("**PJT Partners**") and Osler, Hoskin & Harcourt LLP ("**Counsel**"), as counsel to Walter Energy Canada Holdings, Inc. (together with any affiliates and subsidiaries, the "**Company**"), regarding the retention of PJT Partners on an exclusive basis by Counsel effective as of December 7, 2015 (the "**Effective Date**") as the Company's investment banker for the purposes set forth herein. PJT Partners, Counsel, and the Company each agree that this Agreement shall amend and restate in full the letter agreement dated December 31, 2015, which shall be of no further force or effect.

Under this Agreement, PJT Partners will provide investment banking services to Counsel in connection with a possible restructuring of certain liabilities of the Company and the sale, merger or other disposition of all or a portion of the capital stock or assets of the Company (a "**Transaction**"), and will assist Counsel in analyzing, structuring, negotiating and effecting the Restructuring or Transaction pursuant to the terms and conditions of this Agreement; provided, for greater certainty, that a Transaction shall not include a liquidation of the Company's assets by auctioneers or other liquidators after or resulting from the discontinuation of an SISP (as defined below). As used in this Agreement, the term "**Restructuring**" shall mean, collectively, (i) any restructuring, reorganization and/or recapitalization of the Company and/or sale or other disposition of substantially all of the assets of the Company affecting existing or potential debt obligations or other claims, including, without limitation, senior debt, junior debt, trade claims, general unsecured claims, and preferred stock (collectively, the "**Obligations**"), whether or not pursuant to the Canada Business Corporations Act ("**CBCA**"), comparable provincial legislation, the Companies' Creditors Arrangement Act ("**CCAA**") or the Bankruptcy and Insolvency Act ("**BIA**") in Canada, and/or (ii) any complete or partial repurchase, refinancing, extension or repayment by the Company of any of the Obligations, whether or not under the CBCA, CCAA or BIA.

The investment banking services to be rendered by PJT Partners may include the following:

(a) advise the Company in the sale, merger or other disposition of all or a portion of the Company or its assets;

(b) assist the Company in preparing marketing materials in conjunction with a possible Transaction;

(c) develop of a list of potential purchasers for a Transaction and consult with the Company and the Monitor from time to time as to such potential purchasers;

(d) assist the Company and the Monitor in designing an appropriate sale and investment solicitation process ("**SISP**") and in in running such SISP

(e) assist the Company to develop due diligence materials and manage the due diligence process for interested parties;

(f) assist and advise the Company concerning the terms, conditions and impact of any proposed Transaction;

(g) assist in the evaluation of the Company's businesses and prospects;

(h) assist in the development of the Company's long-term business plan and related financial projections;

(i) assist in the development of financial data and presentations to the Company's Board of Directors, various creditors and other third parties;

(j) analyze various restructuring scenarios and the potential impact of these scenarios on the recoveries of those stakeholders impacted by the Restructuring;

(k) provide strategic advice with regard to restructuring or refinancing the Company's Obligations;

(l) evaluate the Company's debt capacity and alternative capital structures;

(m) participate in negotiations among the Company and its creditors, suppliers, lessors and other interested parties;

(n) value securities offered by the Company in connection with a Restructuring;

(o) advise the Company and negotiate with lenders with respect to potential waivers or amendments of various credit facilities;

(p) assist in arranging financing for the Company, as requested;

(q) assist in the preparation of affidavit evidence in the event of an in court restructuring under the CCAA, BIA or CBCA; and

(r) provide such other advisory services as are customarily provided in connection with the analysis and negotiation of a Restructuring or a Transaction, as requested and mutually agreed.

Notwithstanding anything contained in this Agreement to the contrary, PJT Partners shall have no responsibility for designing or implementing any initiatives to improve the Company's operations, profitability, cash management or liquidity. PJT Partners makes no representations or warranties about the Company's ability to (i) successfully improve its operations, (ii) maintain or secure sufficient liquidity to operate its business, or (iii) successfully complete a

Restructuring. PJT Partners is retained under this Agreement solely to provide advice regarding a Restructuring or a Transaction, and is not being retained to provide "crisis management."

It is agreed that the Company will pay the following fees to PJT Partners for its investment banking services (all fees and expenses payable to PJT Partners pursuant to this Agreement shall be payable solely by the Company; Counsel shall have no obligation to pay PJT Partners' fees or expenses):

(i) a monthly advisory fee (the "**Monthly Fee**") in the amount of USD$100,000, per month, in cash, with the first Monthly Fee payable upon the ~~date that~~day after the Company's ultimate parent, Walter Energy, Inc., ~~converts~~closes the sale of substantially all of its assets (the "**Sale Date**") as part of its current chapter 11 cases that are jointly administered by the United States Bankruptcy Court, Northern District of Alabama (Case No. ~~15-02741) to a liquidation under chapter 7 of the United States Bankruptcy Code (the "Conversion Date")~~15-02741) and additional installments of such Monthly Fee payable in advance on each monthly anniversary of the ~~Conversion~~Sale Date;

(ii) a capital raising fee (the "**Capital Raising Fee**") for any financing arranged by PJT Partners, at the Company's request, earned and payable upon receipt of a binding commitment letter. If access to the financing is limited by orders of the bankruptcy court, a proportionate fee shall be payable with respect to each available commitment (irrespective of availability blocks, borrowing base, or other similar restrictions). The Capital Raising Fee will be calculated as 0.5% of the total issuance size for DIP Financing, 1.0% of the total issuance size for senior debt, 2.0% of the total issuance size for junior debt financing, and 5.0% of the issuance amount for equity financing raised up to $100 million and 3.0% for amounts raised over $100 million;

(iii) upon the consummation of a Transaction, a Transaction fee ("**Transaction Fee**") payable in cash at the closing of such Transaction directly out of the gross proceeds of the Transaction equal to:

(iv) 2.0% of all Consideration up to USD$50,000,000; plus

(v) 1.5% of all Consideration between USD$50,000,000 and USD$100,000,000; plus

(vi) 1.0% of all Consideration between USD$100,000,000 and USD$200,000,000; plus

(vii) 0.9% of all Consideration between USD$200,000,000 and USD$1,000,000,000; plus

(viii) 0.75% for all Consideration between USD$1,000,000,000 and USD$2,000,000,000; plus

(ix) 0.5% of all Consideration above USD$2,000,000,000.

In this Agreement, "Consideration" means the gross value of all cash, securities and other properties paid or payable, directly or indirectly, in one transaction or in a series or combination of transactions, in connection with the Transaction or a transaction related thereto (including, without limitation, amounts paid (A) pursuant to covenants not to compete or similar arrangements and (B) to holders

of any warrants, stock purchase rights, convertible securities or similar rights and to holders of any options or stock appreciation rights, whether or not vested). Consideration shall also include (i) (I) in the case of the sale, exchange or purchase of the Company's equity securities the principal amount of any indebtedness for borrowed money, preferred stock obligations, any pension liabilities, capital leases, guarantees and any other long-term liabilities as set forth on the most recent consolidated balance sheet of the Company prior to the consummation of such sale, exchange or purchase or (II) in the case of a sale or disposition of assets by the Company the principal amount of any indebtedness for borrowed money, preferred stock obligations, any pension liabilities, capital leases, guarantees and any other long-term liabilities indirectly or directly assumed or acquired, and (ii) any indebtedness for borrowed money, preferred stock obligations, any pension liabilities, capital leases, guarantees and any other long-term liabilities that are or otherwise repaid or retired, in connection with or in anticipation of the Transaction. Consideration shall also include the aggregate amount of any extraordinary dividend or distribution made by the Company from the date hereof until the Closing of the Transaction. Consideration shall include all amounts paid into escrow and all contingent payments payable in connection with the Transaction, with fees on amounts paid into escrow to be payable upon the establishment of such escrow and fees on contingent payments to be payable when such contingent payments are made. If the Consideration to be paid is computed in any foreign currency, the value of such foreign currency shall, for purposes hereof, be converted into U.S. dollars at the prevailing exchange rate on the date or dates on which such Consideration is paid.

In this Agreement, the value of any securities (whether debt or equity) or other property paid or payable as part of the Consideration shall be determined as follows: (1) the value of securities that are freely tradable in an established public market will be determined on the basis of the last market closing price prior to the public announcement of the Transaction; and (2) the value of securities that are not freely tradable or have no established public market or, if the Consideration utilized consists of property other than securities, the value of such other property shall be the fair market value thereof as mutually agreed by the parties hereto; and

(x) reimbursement of all reasonable out-of-pocket expenses incurred during this engagement, including, but not limited to, travel and lodging, direct identifiable data processing, document production, publishing services and communication charges, courier services, working meals, reasonable fees and expenses of PJT Partners' counsel and other necessary expenditures, payable upon rendition of invoices setting forth in reasonable detail the nature and amount of such expenses. In connection therewith the Company shall pay PJT Partners on the date hereof and maintain thereafter a USD$25,000 expense advance for which PJT Partners shall account upon termination of this Agreement.

The Company is subject to proceedings under the CCAA ("**In-Court Proceeding**") and the Company shall use its best efforts to promptly apply to the court having jurisdiction over the In-Court Proceeding (the "**Court**") for the approval of (A) this Agreement, including the attached indemnification agreement; (B) PJT Partners' retention by the Company under the terms of this Agreement; (C) a first-ranking super-priority charge on the Company's assets, property and

undertakings to secure the Monthly Fee and all disbursements incurred by PJT Partners' pursuant to this Agreement (which charge shall form part of the Administration Charge as defined in the December 7, 2015 order of the Court in the In-Court Proceeding (the "**Initial Order**")), both before and after the commencement of the In-Court Proceeding; and (D) a super-priority charge on the Company's assets, property and undertakings to secure the Transaction Fee and Capital Raising Fee ranking after the Administration Charge, the D&O Charge (as defined in the Initial Order) and any key employee retention program charge granted by the Court. The Company shall supply PJT Partners with a draft of such application and any proposed order authorizing PJT Partners' retention sufficiently in advance of the filing of such application and proposed order to enable PJT Partners and its counsel to review and comment thereon. PJT Partners shall have no obligation to provide any services under this Agreement in the event that the Company becomes a debtor under an In-Court Proceeding unless PJT Partners' retention under the terms of this Agreement is approved by a final order of the Court no longer subject to appeal, rehearing, reconsideration or petition for certiorari, and which order is acceptable to PJT Partners in all respects. In the event that the Company becomes a debtor under an In-Court Proceeding and PJT Partners' engagement hereunder is approved by the Court, the Company shall pay all fees and expenses of PJT Partners hereunder as promptly as practicable in accordance with the terms hereof. Prior to commencing an In-Court Proceeding, the Company shall pay all invoiced amounts to PJT Partners in immediately available funds by wire transfer.

Each of the Company and Counsel acknowledges and agrees that PJT Partners' restructuring expertise as well as its capital markets knowledge, financing skills and mergers and acquisitions capabilities, some or all of which may be required by the Company during the term of PJT Partners' engagement hereunder, were important factors in determining the amount of the various fees set forth herein, and that the ultimate benefit to the Company of PJT Partners' services hereunder could not be measured merely by reference to the number of hours to be expended by PJT Partners' professionals in the performance of such services. Each of the Company and Counsel also acknowledges and agrees that the various fees set forth herein have been agreed upon by the parties in anticipation that a substantial commitment of professional time and effort will be required of PJT Partners and its professionals hereunder over the life of the engagement, and in light of the fact that such commitment may foreclose other opportunities for PJT Partners and that the actual time and commitment required of PJT Partners and its professionals to perform its services hereunder may vary substantially from week to week or month to month, creating "peak load" issues for the firm. In addition, given the numerous issues which PJT Partners may be required to address in the performance of its services hereunder, PJT Partners' commitment to the variable level of time and effort necessary to address all such issues as they arise, and the market prices for PJT Partners' services for engagements of this nature in an In-Court Proceeding, each of the Company and Counsel agrees that the fee arrangements hereunder (including the Monthly Fee, Capital Raise Fee and Transaction Fee) are reasonable.

The advisory services and compensation arrangement set forth in this Agreement do not encompass other investment banking services or transactions that may be undertaken by PJT Partners at the request of Counsel or the Company, including the arranging of debt or equity capital (except as provided above), issuing fairness opinions or any other specific services not set forth in this Agreement. The terms and conditions of any such investment banking services, including compensation arrangements, would be set forth in a separate written agreement between PJT Partners and the appropriate party.

Except as contemplated by the terms hereof or as required by applicable law, regulation or legal process, for a period of two years from the date hereof, PJT Partners shall keep confidential all material non-public information provided to it by or at the request of the Company, and shall not disclose such information to any third party or to any of its employees or advisors except to those persons who have a need to know such information in connection with PJT Partners' performance of its responsibilities hereunder and who are advised of the confidential nature of the information and who agree to keep such information confidential.

The Company and Counsel will furnish or cause to be furnished to PJT Partners such information as PJT Partners believes appropriate to its assignment (all such information so furnished being the "**Information**"). The Company and Counsel further agree to provide PJT Partners with reasonable access to Counsel and the Company and its directors, officers, employees and advisers. The Company and Counsel shall inform PJT Partners promptly upon becoming aware of any material developments relating to the Company which the Company and Counsel reasonably expect may impact the proposed Transaction or if the Company or Counsel become aware that any Information provided to PJT Partners is, or has become, untrue, unfair, inaccurate or misleading in any way. Furthermore, the Company and Counsel warrant and undertake to PJT Partners in respect of all Information supplied by the Company and Counsel, that the Company and Counsel have not obtained any such Information other than by lawful means and that disclosure to PJT Partners will not breach any agreement or duty of confidentiality owed to third parties. The Company and Counsel recognize and confirm that PJT Partners (a) will use and rely primarily on the Information and on information available from generally recognized public sources in performing the services contemplated by this Agreement without having independently verified the same, (b) does not assume responsibility for the accuracy or completeness of the Information and such other information, (c) is entitled to rely upon the Information without independent verification, and (d) will not make an appraisal of any assets in connection with its assignment.

In the event that the Information belonging to the Company is stored electronically on PJT Partners' computer systems, PJT Partners shall not be liable for any damages resulting from unauthorized access, misuse or alteration of such information by persons not acting on its behalf, provided that PJT Partners exercises the same degree of care in protecting the confidentiality of, and in preventing unauthorized access to, the Company's information that it exercises with regard to its own most sensitive proprietary information.

PJT Partners acknowledges and agrees that the work product produced by PJT Partners pursuant to this Agreement is for the purpose of facilitating the rendering by Counsel of legal advice to the Company and constitutes attorney work product, and that any communication to Counsel, including, without limitation, any correspondence, analyses, reports and related materials that PJT Partners prepares, constitutes confidential and privileged communications and PJT Partners will not disclose the same or any of the Information to any other person except as requested by Counsel.

Except as required by applicable law, any advice to be provided by PJT Partners under this Agreement shall not be disclosed publicly or made available to third parties (other than the Company's other professional advisors, the Monitor or, if appropriate in the Company's judgment, in any filings in the In-Court Proceeding) without the prior written consent of PJT Partners. All services, advice and information and reports provided by PJT Partners to the

Counsel in connection with this assignment shall be for the sole benefit of Counsel and the Company and shall not be relied upon by any other person.

The Company acknowledges and agrees that PJT Partners will provide its investment banking services exclusively to the members of the Board of Directors and senior management of the Company and not to the Company's shareholders or other constituencies. The Board of Directors and senior management will make all decisions for the Company regarding whether and how the Company will pursue a Restructuring or Transaction and on what terms and by what process. In so doing, the Board of Directors and senior management will also obtain the advice of the Company's legal, tax and other business advisors and consider such other factors which they consider appropriate before exercising their independent business judgment in respect of a Restructuring or Transaction. The Company further acknowledges and agrees that PJT Partners has been retained to act solely as investment banker to the Company and does not in such capacity act as a fiduciary for the Company or any other person. PJT Partners shall act as an independent contractor and any duties of PJT Partners arising out of its engagement pursuant to this Agreement shall be owed solely to the Company.

In consideration of PJT Partners' agreement to provide investment banking services to Counsel in connection with this Agreement, it is agreed that the Company will indemnify PJT Partners and its agents, representatives, members and employees. A copy of our standard form of indemnification agreement is attached to this Agreement as Attachment A. PJT Partners acknowledges Counsel has no obligation to indemnify PJT Partners.

PJT Partners' engagement hereunder may be terminated upon 30 days' written notice without cause by either Counsel or PJT Partners; termination for cause by either party will occur forthwith. Notwithstanding the foregoing, (a) the provisions relating to the payment of fees and expenses accrued through the date of termination, the status of PJT Partners as an independent contractor and the limitation as to whom PJT Partners shall owe any duties will survive any such termination, (b) any such termination shall not affect the Company's obligations under the indemnification agreement attached as Attachment A or PJT Partners' confidentiality obligations hereunder and (c) PJT Partners shall be entitled to the Transaction Fee in the event that at any time prior to the expiration of 24 months following the termination of this Agreement (unless such termination is by Counsel or the Company for gross negligence or willful misconduct) a definitive agreement with respect to a Restructuring or a Transaction, respectively, is executed and a Restructuring or Transaction, respectively, is thereafter consummated.

The Company represents that neither it nor any of its affiliates under common control, nor, to the knowledge of the Company, any of their respective directors or officers, is an individual or entity ("Person") that is, or is owned or controlled by a Person that is: (i) a Person with whom dealings are restricted or prohibited under U.S. economic sanctions (including those administered or enforced by the U.S. Department of Treasury's Office of Foreign Assets Control) or similar sanctions imposed by another relevant sanctions authority (collectively, "Sanctions"); or (ii) to the knowledge of the Company, not in compliance in all material respects with all applicable anti-money laundering laws and Sanctions.

The Company should be aware that PJT Partners and/or its affiliates may be providing or may in the future provide financial or other services to other parties with conflicting interests. Consistent with PJT Partners' policy to hold in confidence the affairs of its clients, PJT Partners will not use confidential information obtained from the Company except in connection with PJT

Partners' services to, and PJT Partners' relationship with, the Company, nor will PJT Partners use on the Company's behalf any confidential information obtained from any other client. Notwithstanding anything to the contrary provided elsewhere herein, the Company expressly acknowledges and agrees that none of the provisions of this Agreement shall in away restrict PJT Partners from being engaged or mandated by any third party, or otherwise participating or assisting with any transaction involving any other party.

This Agreement (including the attached indemnification agreement) embodies the entire agreement and understanding between the parties hereto and supersedes all prior agreements and understandings relating to the subject matter hereof. If any provision of this Agreement is determined to be invalid or unenforceable in any respect, such determination will not affect or impair such provision or the remaining provisions of this Agreement in any other respect, which will remain in full force and effect. No waiver, amendment or other modification of this Agreement shall be effective unless in writing and signed by each party to be bound thereby. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York applicable to contracts executed in and to be performed in that state.

The Company and Counsel hereby agree that any action or proceeding brought by the Company or Counsel against PJT Partners based hereon or arising out of PJT Partners' engagement hereunder, shall be brought and maintained by the Company or Counsel exclusively in the Supreme Court of British Columbia. Counsel irrevocably submits to the jurisdiction of the Supreme Court of British Columbia and appellate courts from any thereof for the purpose of any action or proceeding based hereon or arising out of PJT Partners' engagement hereunder and irrevocably agrees to be bound by any judgment rendered thereby in connection with such action or proceedings. Counsel hereby irrevocably waives, to the fullest extent permitted by law, any objection it may have or hereafter may have to the laying of venue of any such action or proceeding brought in any such court referred to above and any claim that such action or proceeding has been brought in an inconvenient forum and agrees not to plead or claim the same.

[SIGNATURE PAGE FOLLOWS]

Please confirm that the foregoing correctly sets forth our agreement by signing and returning to PJT Partners the duplicate copy of this Agreement and the indemnification agreement attached hereto as Attachment A.

Very truly yours,

PJT PARTNERS LP

By: PJT Management, LLC, its general partner

By: _____

Name: Steven Zelin
Title: Partner

By: _____

Name: Karl Knapp
Title: Partner

Accepted and Agreed to as
of the date first written above:

WALTER ENERGY CANADA HOLDINGS, INC.

By: _____

Name:
Title:

OSLER, HOSKIN & HARCOURT LLP

By: _____

Name: Marc Wasserman
Title: Partner

ATTACHMENT A

~~December [ ], 2015~~

April [ ], 2016

PJT Partners LP
280 Park Avenue
New York, NY- 10017

INDEMNIFICATION AGREEMENT

Ladies and Gentlemen:

This letter will confirm that we have engaged PJT Partners LP ("**PJT Partners**") to advise and assist us in connection with the matters referred to in our letter of agreement dated as of ~~December 7, 2015~~April [ ], 2016 (the "**Engagement Letter**"). In consideration of your agreement to act on our behalf in connection with such matters, we agree to indemnify and hold harmless you and your affiliates and your and their respective partners (both general and limited), members, officers, directors, employees and agents and each other person, if any, controlling you or any of your affiliates (you and each such other person being an "**Indemnified Party**") from and against any losses, claims, damages, expenses and liabilities whatsoever, whether they be joint or several, related to, arising out of or in connection with the engagement under the Engagement Letter, including without limitation, any related services and activities prior to the date of the Engagement Letter (the "**Engagement**") and will reimburse each Indemnified Party for all expenses (including fees, expenses and disbursements of counsel) as they are incurred in connection with investigating, preparing, pursuing, defending, or otherwise responding to, or assisting in the defense of any action, claim, suit, investigation or proceeding related to, arising out of or in connection with the Engagement or this agreement, whether or not pending or threatened, whether or not any Indemnified Party is a party, whether or not resulting in any liability and whether or not such action, claim, suit, investigation or proceeding is initiated or brought by us. We also agree to cooperate with PJT Partners and to give, and so far as it is able to procure the giving of, all such information and render all such assistance to PJT Partners as PJT Partners may reasonably request in connection with any such action, claim, suit, proceeding, investigation or judgment and not to take any action which might reasonably be expected to prejudice the position of PJT Partners or its affiliates in relation to any such action, claim, suit, proceeding, investigation or judgment without the consent of PJT Partners (such consent not to be unreasonably withheld). In the event that PJT Partners is requested or authorized by us or required by government regulation, subpoena or other legal process to produce documents, or to make its current or former personnel available as witnesses at deposition or trial, arising as a result of or in connection with the Engagement, we will, so long

as PJT Partners is not a party to the proceeding in which the information is sought, pay PJT Partners the fees and expenses of its counsel incurred in responding to such a request. We will not, however, be liable under the foregoing indemnification provision for any losses, claims, damages or liabilities (or expenses relating thereto) that are finally judicially determined by a court of competent jurisdiction to have primarily resulted from the gross negligence or willful misconduct of PJT Partners. We also agree that no Indemnified Party shall have any liability (whether direct or indirect, in contract or tort or otherwise) to us or our owners, parents, affiliates, security holders or creditors for or in connection with the Engagement except for any such liability for losses, claims, damages or liabilities incurred by us that are finally judicially determined by a court of competent jurisdiction to have primarily resulted from the gross negligence or willful misconduct of PJT Partners.

If the indemnification provided for in the preceding paragraph is for any reason unavailable to an Indemnified Party in respect of any losses, claims, damages or liabilities referred to herein (other than as a result of gross negligence or willful misconduct by such Indemnified Party), then, in lieu of indemnifying such Indemnified Party hereunder, we shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages or liabilities (and expenses relating thereto) in such proportion as is appropriate to reflect not only the relative benefits received (or anticipated to be received) by you, on the one hand, and us, on the other hand, from the Engagement but also the relative fault of each of you and us, as well as any other relevant equitable considerations; provided, however, to the extent permitted by applicable law, in no event shall your aggregate contribution to the amount paid or payable exceed the aggregate amount of fees actually received by you under the Engagement Letter. For the purposes of this agreement, the relative benefits to us and you of the Engagement shall be deemed to be in the same proportion as (a) the total value paid or contemplated to be paid or received or contemplated to be received by us, our security holders and our creditors in the transaction or transactions that are subject to the Engagement, whether or not any such transaction is consummated, bears to (b) the fees paid or to be paid to PJT Partners under the Engagement Letter (excluding any amounts paid as reimbursement of expenses).

Neither party to this agreement will, without the prior written consent of the other party (which consent will not be unreasonably withheld), settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought hereunder (a "**Judgment**"), whether or not we or any Indemnified Party are an actual or potential party to such claim, action, suit or proceeding. In the event that we seek to settle or compromise or consent to the entry of any Judgment, we agree that such settlement, compromise or consent (i) shall include an unconditional release of PJT Partners and each other Indemnified Party hereunder from all liability arising out of such claim, action, suit or proceeding, (ii) shall not include a statement as to, or an admission of, fault, culpability or a failure to act by or on behalf of PJT Partners or each other Indemnified Party, and (iii) shall not impose any continuing obligations or restrictions on PJT Partners or each other Indemnified Party.

Promptly after receipt by an Indemnified Party of notice of any complaint or the commencement of any action or proceeding with respect to which indemnification is being sought hereunder, such person will notify us in writing of such complaint or of the commencement of such action or proceeding, but failure to so notify us will not relieve us from any liability which we may have hereunder or otherwise, except to the extent that such failure materially prejudices our

rights. If we so elect or are requested by such Indemnified Party, we will assume the defense of such action or proceeding, including the employment of counsel reasonably satisfactory to PJT Partners and the payment of the fees and disbursements of such counsel.

In the event, however, such Indemnified Party reasonably determines in its judgment that having common counsel would present such counsel with a conflict of interest or if we fail to assume the defense of the action or proceeding in a timely manner, then such Indemnified Party may employ separate counsel reasonably satisfactory to us to represent or defend it in any such action or proceeding and we will pay the fees and disbursements of such counsel; provided, however, that we will not be required to pay the fees and disbursements of more than one separate counsel for all Indemnified Parties in any jurisdiction in any single action or proceeding. In any action or proceeding the defense of which we assume, the Indemnified Party will have the right to participate in such litigation and to retain its own counsel at such Indemnified Party's own expense.

The foregoing reimbursement, indemnity and contribution obligations of ours under this agreement shall be in addition to any rights that an Indemnified Party may have at common law or otherwise, and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of ours and such Indemnified Party. We agree that the indemnity and reimbursement obligations of ours set out herein shall be in addition to any liability which we may otherwise have under the Engagement Letter and applicable law and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of ours, PJT Partners and any such Indemnified Party.

[SIGNATURE PAGE FOLLOWS]

The provisions of this agreement shall apply to the Engagement, as well as any additional engagement of PJT Partners by us in connection with the matters which are the subject of the Engagement, and any modification of the Engagement or additional engagement and shall remain in full force and effect regardless of any termination or the completion of your services under the Engagement Letter.

This agreement and the Engagement Letter- shall be governed by, and construed in accordance with the laws of the State of New York applicable to contracts executed in and to be performed in that state.

Very truly yours,

WALTER ENERGY CANADA HOLDINGS, INC.

By: _____

Name:
Title:

Accepted and Agreed to as
of the date first written above:

PJT PARTNERS LP

By: PJT Management, LLC, its general partner

By: _____
Name: Steve Zelin
Title: Partner

By: _____
Name: Karl Knapp
Title: Partner

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

PETITIONERS

AFFIDAVIT #3 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 TAG/mlf