

District of: British Columbia
Division No. 03 - Vancouver
Court No.
Estate No.

-- FORM 29 --

Trustee's Report on Cash-Flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the matter of the proposal of
Walter Energy Canada Holdings, Inc.
of the City of Vancouver, in the Province of British Columbia

The attached statement of projected cash flow of Walter Energy Canada Holdings, Inc., as of the 19th day of December 2016, consisting of the projected cash flow for the period of December 19, 2016 to March 17, 2017, has been prepared by the management of the insolvent person for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by: the management and employees of the insolvent person or the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by: management or the insolvent person for the probable assumptions and preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

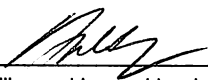
Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Vancouver in the Province of British Columbia, this 19th day of December 2016.

KPMG Inc.

Per:



Anthony Joseph Tillman - Licensed Insolvency Trustee
777 Dunsmuir St.
Vancouver BC V7Y 1K3
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District of: British Columbia
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FORM 29 - Attachment
Trustee's Report on Cash-flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the matter of the proposal of
Walter Energy Canada Holdings, Inc.
of the City of Vancouver, in the Province of British Columbia

Purpose:

1. The Cash-Flow Statement is to be read in conjunction with the attached Form 30 – Report on Cash-Flow Statement by the person making the Proposal and Form 29-Trustee's Report on Cash-Flow Statement.

The projection has been prepared solely for the purpose of evaluating the currently expected ability of the Debtors to fund the business activities as set out herein and noted in assumptions set forth below.

Readers are cautioned that it may not be appropriate for other purposes.

Unless otherwise noted, the Cash Flow Statement is presented in Canadian dollars.

Projection Notes:

2. The Cash-Flow Statement is presented on a weekly basis from December 19, 2016 to March 17, 2017 (the "Period") and represents management's best estimate of the expected results of operations during the Period. It is also based on the assumption that, in approximately the end of December 2016, subject to the Debtors obtaining the required creditor approval pursuant to the Bankruptcy and Insolvency Act, certain assets of the Debtors will be sold to a purchaser (the "Purchaser") including the shares of Walter Energy Canada Holdings Inc. It is expected that the Proposal proceedings will be finalized prior to the end of the Period.

Assumptions:

Receipts

3. Remaining Asset Sale Proceeds – balance of purchase price

A deposit of \$2,625,000 was collected on November 28, 2016 and is included in the opening cash balance. \$14,925,000 represents the balance of the purchase price to be collected from the Purchaser.

4. Other Receipts

The Debtor's Goods and Services Tax accounts are in a credit position totaling approximately \$900,000. Canada Revenue Agency is in the process of reviewing these accounts, and, accordingly, no receipts have been projected during the Period as the outcome of this review is unknown.

Operating Disbursements

5. Director's Salary

The sole Director is paid on a monthly basis under a consulting agreement.

6. Consulting

The Debtors have engaged an external consultant with respect to reviewing operations at the UK Interest (the anthracite mine located in Wales, UK) and these services are expected to continue while this asset continues to be held. The UK Interest will be transferred to the New Walter Group.

7. Information Technology

Information Technology payments are forecast in respect of data room costs associated with the ongoing Claims Process and the Remaining Asset Sales Process.

Non-Operating Disbursements

8. Trustee and Legal Fees

Disbursements for trustee and legal fees are anticipated to be made in the ongoing Companies' Creditor Arrangement Act proceedings of the Debtors. Accordingly, such costs have not been forecast for purposes of this cash flow.

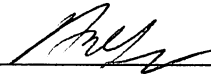
9. Remittance to the New Walter Group

Pursuant to the terms of the Proposal the Transferred Assets of the Debtors will be transferred to the New Walter Group. This transfer is anticipated to be completed during the week ending December 30, 2016.

Dated at the City of Vancouver in the Province of British Columbia, this 19th day of December 2016.

KPMG Inc.

Per:



Anthony Joseph Tillman - Licensed Insolvency Trustee
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Vancouver BC V7Y 1K3
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In the matter of the Proposal of Walter Energy Canada Holdings, Inc., Walter Canadian Coal ULC, Wolverine Coal ULC, Brule Coal ULC, Willow Creek Coal ULC, Pine Valley Coal Ltd., 0541237 B.C. Ltd.,
 Walter Canadian Coal Partnership, Wolverine Coal Partnership, Brule Coal Partnership and Willow Creek Coal Partnership
 Statement of Projected Cash Flow for the period of December 19, 2016 to March 17, 2017 ^{1,2}

(Currency in CAD \$000's)		Foreign Exchange Rate Assumption (USD/CAD) 1.35													
Week No.	Notes	1	2	3	4	5	6	7	8	9	10	11	12	13	13-Week Total
Week (period) Ending		12/23/16	12/30/16	1/6/17	1/13/17	1/20/17	1/27/17	2/3/17	2/10/17	2/17/17	2/24/17	3/3/17	3/10/17	3/17/17	
OPERATING CASH FLOW															
Operating Receipts															
Remaining Asset Sale Proceeds	3	14,925	-	-	-	-	-	-	-	-	-	-	-	-	14,925
Other Receipts	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Receipts		14,925	-	-	-	-	-	-	-	-	-	-	-	-	14,925
Operating Disbursements															
Director's Salary	5	-	-	(11)	-	-	-	-	-	-	-	-	-	-	(11)
Consulting	6	(20)	-	-	-	-	-	-	-	-	-	-	-	-	(20)
Information Technology	7	-	(10)	-	-	-	-	-	-	-	-	-	-	-	(10)
Total Operating Disbursements		(20)	(10)	(11)	-	-	-	-	-	-	-	-	-	-	(41)
Non-Operating Disbursements															
Trustee and legal fees	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Remittance to the New Walter Group	9	-	(72,456)	-	-	-	-	-	-	-	-	-	-	-	(72,456)
Total Non-Operating Disbursements		-	(72,456)	-	-	-	-	-	-	-	-	-	-	-	(72,456)
TOTAL NET CASH FLOW		14,905	(72,466)	(11)	-	-	-	-	-	-	-	-	-	-	(57,572)
BEGINNING CASH (FX Effected)		57,772	72,677	211	200	200	200	200	200	200	200	200	200	200	57,772
Net Cash Flow		14,905	(72,466)	(11)	-	-	-	-	-	-	-	-	-	-	(57,572)
ENDING CASH (FX Effected)		72,677	211	200	200	200	200	200	200	200	200	200	200	200	200

This Statement of Projected Cash Flow was prepared in accordance with Section 50.4(2) of the Bankruptcy and Insolvency Act for the purposes described in Note 1, using the probable and hypothetical assumptions set out in Notes 2-10 and should be read in conjunction with the attached Notes as well as the accompanying Report on Cash-Flow Statement by Walter Canada and the Trustee's Report on Cash-Flow Statement.

Dated as at December 19, 2016

Walter Energy Canada Holdings, Inc. et al.


 Danny L. Strobel, Director

KPMG Inc., in its capacity as Trustee of the
 Proposal of Walter Canada


 Anthony Tillman, Senior Vice-President