



KPMG Inc.
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Canada

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December 11, 2016

Dear Sirs/Mesdames:

Re: Claims Against Walter Energy Canada Holdings, Inc., Walter Canadian Coal ULC, Brule Coal ULC, Willow Creek Coal ULC, Pine Valley Coal Ltd., Wolverine Coal ULC, 0541237 B.C. Ltd., Walter Canadian Coal Partnership, Brule Coal Partnership, Willow Creek Coal Partnership and Wolverine Coal Partnership (collectively “Walter Canada”)

Walter Canada is entering into a transaction for the sale of certain Residual Assets that, if the transaction completes, will result in a significant additional amount of money for distribution to claimants in Walter Canada’s *Companies’ Creditors Arrangement Act* (“CCAA”) proceeding. The transaction was approved by Order of the Supreme Court of British Columbia (the “Court”) on December 7, 2016 and includes a number of steps including bankruptcies pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the “BIA”) and a proposal to creditors under the BIA. The proposed dates for the key steps include:

- a) each of the Walter Canada entities listed above making an assignment in bankruptcy pursuant to the BIA on or about December 13, 2016;
- b) the first meeting of creditors in the consolidated bankruptcy of the Walter Canada entities being held on or about December 15, 2016;
- c) the trustee in bankruptcy of Walter Canada making a proposal (the “Joint Proposal”) to the creditors of Walter Canada pursuant to the BIA on or about December 15, 2016;
- d) a meeting of creditors of Walter Canada being held to vote on the Joint Proposal on or about December 15, 2016; and
- e) an application for Court approval of the Joint Proposal on or about December 16, 2016 if the vote on the Joint Proposal is approved by the required majority of votes at the meeting of creditors.

In order to provide you with adequate information upon which to consider the Joint Proposal, we enclose the following:

- a) order of the Honourable Madam Justice Fitzpatrick made December 7, 2016;

- b) draft notice of first meeting of creditors (“FMOC”) in the consolidated bankruptcy estate of the Walter Canada entities;
- c) a proof of claim form and a proxy should you wish to nominate someone to vote on your behalf in person at the FMOC and/or at the meeting to approve the Joint Proposal. Please note that any creditors that are not individuals must complete a proxy to name the individual who will attend the meeting on the creditor’s behalf. You do not need to provide a proxy if you have provided a voting letter; if you have a claim which has been allowed in the claims process in Walter Canada’s CCAA proceeding, you are not required to file a further proof of claim;
- d) draft notice of meeting to consider the Joint Proposal;
- e) an unfiled copy of the Seventh Report of KPMG Inc., Monitor of Walter Canada;
- f) draft Joint Proposal of the Walter Canada entities;
- g) voting letter by which you can direct your vote on the Joint Proposal; and
- h) draft notice of the Court hearing to approve the Joint Proposal.

The above materials, as well as other pertinent information relating to the CCAA proceedings, have also been published on a website the Monitor has maintained at www.kpmg.com/ca/walterenergycanada. Final notices in respect of the meetings and Court hearings noted above will be posted on the website. Please check the website regularly for updates.

Please complete the voting letter, and return it to KPMG to the attention of Mr. Clark or Mr. Kemp-Gee as soon as possible and, in any event, before the date of the meeting to consider the Joint Proposal. The meeting will be held at the offices of the trustee in bankruptcy at 777 Dunsmuir Street, Vancouver. **You do not need to attend the meeting in person if you have submitted a voting letter.**

Should you have any questions, please feel free to contact Mr. Mike Clark of KPMG at maclark@kpmg.ca; phone: 1-604-691-3468; or fax: 1-604-691-3036.



Yours very truly,

KPMG Inc.,

In its capacity as Court Appointed Monitor
of Walter Energy Canada Holdings, Inc. et al

A handwritten signature in black ink, appearing to read 'Philip J. Reynolds'.

Per: Philip J. Reynolds
Senior Vice President

A handwritten signature in black ink, appearing to read 'Anthony Tillman'.

Per: Anthony Tillman
Senior Vice President