



This is the 11th Affidavit of William E. Aziz in this case and was made on June 27, 2017

NO. S-1510120
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

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

AND

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

PETITIONERS

AFFIDAVIT

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

1. I am the President of BlueTree Advisors Inc. ("**BlueTree**") which has been retained to provide my services as Chief Restructuring Officer ("**CRO**") to the Petitioners (the "**New Walter Canada Group**"). As such I have personal knowledge of the facts hereinafter deposed, except where such facts are stated to be based upon information and belief, and where so stated I do verily believe the same to be true.
2. This Affidavit is made in support of a motion by the New Walter Canada Group for the following relief:
 - (a) An Order under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 as amended (the "**CCAA**") (the "**Approval and Vesting Order**")
 - (i) approving the proposed transaction (the "**Transaction**") contemplated by the purchase agreement between New Walter Canadian Coal Corp. ("**New WCCC**")

and Peace River Coal Inc. ("**PRC**") dated as of May 31, 2017 (the "**BelSax APA**");
and

(ii) upon delivery to PRC of the Monitor's Certificate attached to the proposed Approval and Vesting Order as Schedule "A" (the "**Monitor's Certificate**") vesting in the Purchaser New WCCC's right, title and interest in and to the BelSax Assets (as described below) free and clear of any and all Claims and Encumbrances (all as defined in the BelSax APA).

(b) An Order that the confidential twelfth affidavit of William E. Aziz sworn the date hereof and the exhibits thereto (the "**Confidential Affidavit**") be sealed, kept confidential, and not form part of the public record.

3. I was initially retained by Walter Energy Canada Holdings, Inc. ("**Walter Energy Canada**") to provide my services as CRO to Walter Energy Canada, its direct and indirect subsidiaries and affiliates, and the partnerships listed on Schedule "C" to the Order of this Honourable Court made on December 7, 2015 (the "**Initial Order**") (collectively, the "**Old Walter Canada Group**"). I was retained pursuant to an engagement letter dated December 30, 2015, as amended in response to certain requests made by Old Walter Canada Group stakeholders. BlueTree was appointed as CRO of the Old Walter Canada Group pursuant to the Order of this Honourable Court made on January 5, 2016 (the "**SISP Order**").
4. My engagement as CRO of the Old Walter Canada Group, other than as CRO of Cambrian Energy Build Holdings ULC ("**Cambrian**"), was terminated on December 15, 2016, when the entities comprising that group filed for bankruptcy.
5. The companies comprising the New Walter Canada Group (other than Cambrian) were incorporated on December 8, 2016, pursuant to the authorization granted in paragraph 5 of the Order of this Honourable Court made on December 7, 2016 (the "**CCAA Procedure Order**"). Each such company became a Petitioner in these CCAA proceedings and subject to the CCAA Charges (as defined in the CCAA Procedure Order), and I became CRO of each new company in the New Walter Canada Group when the companies were formed.
6. The information in this Affidavit is arranged under the following headings:

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III.	Sealing the Confidential Affidavit	7

I. THE PROPOSED TRANSACTION

A. Background

7. The proposed Transaction is a sale of the New Walter Canada Group's 50 percent interest in Belcourt Saxon Limited Partnership ("**BelSax LP**") and Belcourt Saxon Coal Ltd. ("**BelSax GP**"), and certain related assets (collectively, the "**BelSax Assets**").
8. As discussed in my tenth affidavit sworn on May 18, 2017 in these proceedings (the "**Tenth Aziz Affidavit**"), the BelSax Assets were transferred from the Old Walter Canada Group to the New Walter Canada Group pursuant to the Order of this Honourable Court made December 21, 2016 (the "**CCA Continuity and Vesting Order**"). The remaining 50 percent interest in BelSax LP and BelSax GP is owned by PRC, a third party not affiliated with the New Walter Canada Group. A copy of the Tenth Aziz Affidavit, without exhibits, is attached hereto as Exhibit "A".
9. The BelSax Assets are subject to certain rights of first refusal (the "**ROFR**") and certain tag along rights under the Belcourt Saxon Limited Partnership Agreement ("**BelSax LPA**"). PRC has the benefit of the ROFR and the tag along rights. The ROFR and the tag along rights limit the marketability of the BelSax Assets.
10. As discussed in the Tenth Aziz Affidavit, Conuma Coal Resources Limited ("**Conuma**") sought to acquire the BelSax Assets. The Conuma APA contained the Belcourt Put Option (both terms as defined in the Tenth Aziz Affidavit) pursuant to which Conuma would have acquired the BelSax Assets if the Old Walter Canada Group had been able to satisfy or obtain a waiver of the ROFR within 60 days of the Closing Date (as defined in the Conuma APA). Conuma subsequently extended the period for the exercise of the Belcourt Put Option. On February 1, 2017, Conuma materially increased the purchase price offered to acquire the BelSax Assets and made other significant changes to its offer, and then improved the proposed purchase price again during subsequent negotiations. The New Walter Canada Group received an executed third party offer from Conuma on April 24, 2017, and signed an indication of its willingness to accept that third party offer on April 27, 2017.

11. The New Walter Canada Group's indication of its willingness to accept Conuma's third party offer triggered certain rights of PRC under the BelSax LPA, including the ROFR. On May 2, 2017, the New Walter Canada Group delivered (i) Conuma's offer; (ii) a corresponding offer to sell the BelSax Assets to PRC on substantially the same terms, as required by the BelSax LPA; and (iii) an alternative request that PRC waive the ROFR (the "**Third Party Offer Package**"). This triggered a 45-day review period under the BelSax LPA.
12. On June 5, 2017, which was before the end of the review period, the New Walter Canada Group received from PRC the executed BelSax APA, indicating PRC's acceptance of New WCCC's offer to sell the BelSax Assets to PRC.
13. On June 8, 2017, the Monitor received a cheque from PRC for the deposit required under the BelSax APA.
14. A redacted copy of the BelSax APA is attached to this affidavit without exhibits as Exhibit "B". An unredacted copy of the BelSax APA is attached as an Exhibit to the Confidential Affidavit. Also attached as an Exhibit to the Confidential Affidavit is a copy of the Third Party Offer Package and a copy of the BelSax LPA.

B. Key Terms of the Transaction

15. All capitalized terms in this section not otherwise defined have the meaning given to them in the BelSax APA.
16. The Purchaser is PRC, a subsidiary of Anglo American plc.
17. The BelSax APA contemplates that PRC will acquire (i) all of the partnership interests, marketable shares and securities of BelSax LP and BelSax GP in which New WCCC has any right, title or interest; and (ii) New WCCC's interest in the Belcourt Royalty.
18. In addition, PRC shall, subject to the terms and conditions set out in the BelSax APA, assume the following liabilities:
 - (a) All liabilities for or related to any obligation for any Tax that New WCCC bears as described in Article 6 of the BelSax APA.
 - (b) All post-Closing Liabilities with respect to the BelSax LP, BelSax GP, and the Belcourt Royalty.
 - (c) All liabilities under the BelSax LPA.

- (d) All Environmental Liabilities.
19. The Closing Date for the Transaction will be two Business Days after the conditions precedent to closing (other than conditions to be satisfied at Closing, but subject to the waiver or fulfillment of those conditions) are satisfied, and must be no later than Friday, October 13, 2017, being 135 days following the execution of the BelSax APA by PRC, as provided for under the BelSax LPA. The conditions precedent to closing are standard in the CCAA context and include the following:
- (a) There shall be in effect no Law or Order prohibiting the consummation of the Transaction that has not been withdrawn or terminated;
 - (b) None of the Parties, or their respective directors, officers, employees or agents will be a defendant or third party to or threatened with any litigation before any Government Entity which could restrict or prevent that Party from performing any of its obligations in the BelSax APA or any Transaction Document.
 - (c) Except for any failure to be true and correct that does not have a material adverse effect on the ability of the other Party to consummate the Transaction, each representation and warranty contained in Article 3 (PRC's representations and warranties) and Article 4 (New WCCC's representations and warranties) 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 in Article 3 or 4, as of such date
 - (d) Each Party will have complied in all material respects with the covenants, obligations, and agreements in the BelSax APA that is to be complied with by that Party on or before the Closing.
 - (e) The Approval and Vesting Order shall have been entered in a form and substance acceptable to each Party, and shall have become a Final Order.
 - (f) Since December 28, 2016, New WCCC shall not have taken any step that is inconsistent with the BelSax LPA that would have resulted in the BelSax LP and BelSax GP ceasing to carry on the Business (as defined in the BelSax LPA) in the ordinary course, consistent with past practice or that would have caused any changes in the Business, the Belcourt Royalty or any of the assets (including, without limitation, the Belcourt Assets (as defined in the BelSax LPA) and the Saxon Assets (as defined in the BelSax LPA)), operations, affairs, or condition (financial or otherwise) of BelSax LP or BelSax GP, in each case other than changes in the ordinary course of the Business, which do not, individually or in the aggregate, constitute a material adverse change.

- (g) Since December 28, 2016, there shall have been no distributions (including, without limitation, any distributions of cash by BelSax LP or returns of Capital (as defined in the BelSax LPA)) declared or paid by BelSax LP or BelSax GP to New WCCC that have not also been paid to PRC.
20. Based on the information available at the date of swearing, I anticipate that the closing date will occur shortly following the issuance of the Approval and Vesting Order. Closing should occur in July 2017.
21. The BelSax APA is subject to limited termination rights, and may be terminated in the following manner and circumstances:
- (a) By mutual written consent of the Parties.
 - (b) By either Party, upon written notice to the other,
 - (i) in the event of a material breach by the other party of that party's representations, warranties, agreements or covenants set forth in the BelSax APA, 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 in the BelSax APA (provided, however, that this shall not be available to any Party whose breach of the BelSax APA has been the principal cause of, or has directly resulted in, the event or condition purportedly giving rise to a right to terminate under the relevant provision); or
 - (iii) if the Closing does not take place by the Outside Date.
 - (c) By New WCCC, if the BelSax APA is executed by PRC after the conclusion of the Review Period.
22. PRC has paid a deposit that is more than 23 percent of the Purchase Price contemplated by the BelSax APA.

II. THE PROPOSED TRANSACTION SHOULD BE APPROVED

23. 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 in the circumstances. The BelSax Assets were marketed three times: (i) prior to the

commencement of the CCAA proceedings as part of the broad canvassing of the market by Walter Energy, Inc.'s and the Old Walter Canada Group's financial advisor; (ii) as part of the marketing process for all of the assets of the Old Walter Canada Group conducted under the Sales and Investment Solicitation Process ("**SISP**") leading up to the execution of the Conuma APA; and (iii) as part of the ancillary sales process conducted for the Remaining Assets (with a note that the BelSax Assets may not be available due to certain agreements with Conuma). The SISP is described in detail in my third affidavit sworn in these proceedings on August 9, 2016 (the "**Third Aziz Affidavit**") as well as the Fourth Report of the Monitor dated August 11, 2016. This Honourable Court granted an Order, made August 16, 2016, approving the transaction contemplated in the Conuma APA resulting from the SISP that included a sale of the BelSax Assets to Conuma for a lower purchase price. A copy of the Third Aziz Affidavit, without exhibits, is attached hereto as Exhibit "C".

- (b) The New Walter Canada Group has proceeded in good faith and with due diligence throughout the process, and has received advice from legal and financial advisors and from the Monitor and the CRO.
- (c) The Transaction has been approved by the Board of Directors of the members of the Walter Canada Group in exercising their business judgement, that the Transaction is the best outcome available to the New Walter Canada Group in the circumstances.
- (d) The New Walter Canada Group has complied with the terms of the Belsax LPA, including the ROFR, and sought to maximize the purchase price for the Belsax Assets throughout the sales processes.
- (e) I am informed by the Monitor and believe that it will be filing its Eleventh Report stating that the Monitor supports the Transaction.
- (f) PRC is not related to any member of the New Walter Canada Group.
- (g) The proposed Transaction will improve creditors' recoveries.
- (h) The consideration to be received in respect of the assets subject to the Transaction is reasonable and fair, taking into account their market value.

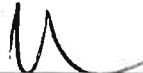
III. SEALING THE CONFIDENTIAL AFFIDAVIT

- 24. The Purchase Price for the BelSax Assets is 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 BelSax APA have been disclosed and the Monitor will provide its views on the Transaction. Further, the terms of the Third Party Offer Package and certain terms of the BelSax LPA are commercially sensitive, contain information that would not normally be publically available, and should not be publically disclosed.

25. The Confidential Affidavit which contain the foregoing information should therefore be sealed until further order of this Honourable Court.

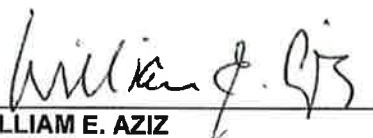
SWORN BEFORE ME at Toronto, in
the Province of Ontario, on June 27,
2017.



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

Patricia Ruesther

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WILLIAM E. AZIZ

This is Exhibit "A" referred to in Affidavit #11 of **William E. Aziz** sworn June 27, 2017 at Toronto, Ontario.



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

Patrick Priestere



This is the 10th Affidavit of
William E. Aziz in this case and
was made on May 18, 2017

NO. S-1510120
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
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WALTER ENERGY CANADA HOLDINGS, INC., NEW WALTER CANADIAN COAL
CORP., NEW BRULE COAL CORP., NEW WILLOW CREEK COAL CORP., NEW
WOLVERINE COAL CORP. AND CAMBRIAN
ENERGYBUILD HOLDINGS ULC

PETITIONERS

AFFIDAVIT

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

1. I am the President of BlueTree Advisors Inc. ("**BlueTree**") which has been retained to provide my services as Chief Restructuring Officer ("**CRO**") to the Petitioners (the "**New Walter Canada Group**"). As such I have personal knowledge of the facts hereinafter deposed, except where such facts are stated to be based upon information and belief, and where so stated I do verily believe the same to be true.
2. This Affidavit is made in support of a motion by the New Walter Canada Group under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "**CCAA**") seeking the following orders:

- (a) An Order authorizing but not requiring Cambrian Energybuild Holdings ULC ("**Cambrian**") to advance up to a further £350,000 (for an aggregate maximum of £600,000) to the members of the Walter UK Group, on a secured basis, to provide working capital for Energybuild Ltd., and approving, *nunc pro tunc*, any steps taken in respect of such advances prior to the date of the Order.
 - (b) An Order extending the stay of proceedings in respect of the New Walter Canada Group to September 29, 2017.
- 3. I was initially retained by Walter Energy Canada Holdings, Inc. ("**Walter Energy Canada**") to provide my services as CRO to Walter Energy Canada, its direct and indirect subsidiaries and affiliates, and the partnerships listed on Schedule "C" to the Order of this Honourable Court made on December 7, 2015 (the "**Initial Order**") (collectively, the "**Old Walter Canada Group**"). I was retained pursuant to an engagement letter dated December 30, 2015, as amended in response to certain requests made by Old Walter Canada Group stakeholders. BlueTree was appointed as CRO of the Old Walter Canada Group pursuant to the Order of this Honourable Court made on January 5, 2016 (the "**SISP Order**").
- 4. My engagement as CRO of the Old Walter Canada Group (other than as CRO of Cambrian) was terminated on December 15, 2016, when the entities comprising that group filed for bankruptcy.
- 5. The companies comprising the New Walter Canada Group (other than Cambrian) were incorporated on December 8, 2016, pursuant to the authorization granted in paragraph 5 of the Order of this Honourable Court made on December 7, 2016 (the "**CCAA Procedure Order**"). Each such company became a Petitioner in these CCAA proceedings and subject to the CCAA Charges (as defined in the CCAA Procedure Order), and I became CRO of each new company in the New Walter Canada Group, when the new companies in the New Walter Canada Group were formed.
- 6. Capitalized terms used but not defined in this Affidavit have the meanings given to such terms in the affidavits I have previously sworn in these CCAA proceedings.

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

- I. **Activities Since Last Update3**
- II. **Approval of Further Advances to the Walter UK Group.....7**
- III. **Stay Extension.....8**

I. ACTIVITIES SINCE LAST UPDATE

A. Potential Sale of Belcourt Saxon Limited Partnership and Related Assets

8. The Old Walter Canada Group owned a 50 percent interest in Belcourt Saxon Limited Partnership ("BelSax LP") and Belcourt Saxon Coal Ltd. ("BelSax GP"), which has since been transferred to the New Walter Canada Group pursuant to the CCAA Continuity and Vesting Order. The other 50 percent interest in BelSax LP and BelSax GP is owned by the Peace River Coal Inc. ("PRC"), a third party not affiliated with the New Walter Canada Group. It is affiliated with Anglo American Exploration (Canada) Ltd.
9. The Belcourt Saxon Limited Partnership Agreement ("BelSax LPA") contains certain rights of first refusal (the "ROFR") and certain tag along rights in respect of a sale of a limited partner's interest in BelSax LP, BelSax GP and certain related assets (collectively, the "BelSax Assets"). PRC has the benefit of the ROFR with respect to any sale of the BelSax Assets by the New Walter Canada Group.
10. As described in my third affidavit sworn on August 9, 2016 in these proceedings (the "**Third Aziz Affidavit**"), the Old Walter Canada Group, as vendors, and Conuma Coal Resources Limited ("Conuma"), as purchaser, entered into an agreement made August 8, 2016 (the "**Conuma APA**") for the sale of a majority of Walter Energy Canada's assets (the "**Conuma Transaction**"). Conuma sought to acquire the Old Walter Canada Group's BelSax Assets as well. The Conuma APA contained the an option (the "**Belcourt Put Option**"), pursuant to which Conuma would acquire the BelSax Assets if the Old Walter Canada Group was able to satisfy or obtain a waiver of the ROFR

prior to the date 60 days following the Closing Date (as defined in the Conuma APA). The unredacted Conuma APA that sets out the purchase price for the Old Walter Canada Group's BelSax Assets is sealed pursuant to an Order of this Honourable Court dated August 15, 2016.

11. Conuma extended the period for the exercise of the Belcourt Put Option while the Old Walter Canada Group sought a waiver of the ROFR from PRC. To date, no waiver has been obtained.
12. On February 1, 2017, Conuma materially increased the purchase price offered to acquire the New Walter Canada Group's BelSax Assets and made other significant changes to its offer. Subsequently, the New Walter Canada Group engaged in negotiations with Conuma to clarify and document the revised offer. During this process, the New Walter Canada Group obtained a further improved purchase price for the BelSax Assets and other improvements to the offer. The New Walter Canada Group and Conuma negotiated a third party offer for the BelSax Assets that is intended to satisfy all the requirements for such an offer set out in the BelSax LPA. The New Walter Canada Group received the executed third party offer from Conuma on April 24, 2017, and signed an indication of its willingness to accept that third party offer on April 27, 2017.
13. The New Walter Canada Group's indication of its willingness to accept Conuma's third party offer triggered certain rights of PRC under the BelSax LPA, including the ROFR. On May 2, 2017, the New Walter Canada Group delivered (i) Conuma's offer; (ii) a corresponding offer to sell the BelSax Assets to PRC on substantially the same terms, as required by the BelSax LPA; and (iii) an alternative request that PRC waive the ROFR. This triggered a 45-day review period under the BelSax LPA in respect of the sale of the BelSax Assets, at the conclusion of which the New Walter Canada Group will be permitted to sell the BelSax Assets to Conuma unless PRC agrees to exercise its ROFR. PRC has not yet responded to the third party offer.
14. Following the conclusion of the review period, the New Walter Canada Group anticipates seeking an order from this Honourable Court approving the sale of the BelSax Assets either to Conuma or to PRC and vesting the BelSax Assets in the purchaser.

B. Termination of New Walter Canada Group's Interests in Twin Sisters Nursery Limited Partnership

15. Walter Canadian Coal Partnership ("**WCCP**"), a member of the Old Walter Canada Group, was party to two agreements in relation to the Twin Sisters Native Plants Nursery Limited Partnership ("**Twin Sisters LP**"): (i) a Shareholders' Agreement dated April 11, 2013 with the Saulneau First Nation ("**Saulneau**"), the West Moberly First Nation ("**West Moberly**"), and Twin Sisters Native Plants Nursery General Partner Inc. ("**Twin Sisters GP**"); and (ii) a Side Agreement dated April 11, 2013 with Saulneau, West Moberly, and Twin Sisters GP. WCCP's interests were transferred to New Walter Canadian Coal Corp. ("**New WCCC**").
16. Among other reasons, WCCP was party to these agreements in connection with a deed of gift in respect of a parcel of land near Chetwynd, BC. Pursuant to the deed of gift, WCCP gave the parcel of land to Twin Sisters GP in order for a plant nursery to be constructed to supply plants in connection with mine remediation efforts. WCCP retained an option to repurchase the parcel of land in certain circumstances. This option to repurchase was sold to Conuma as part of the Conuma Transaction.
17. As a result of the sale of the option to repurchase (and certain subsequent transactions) and these CCAA proceedings, the New Walter Canada Group had no further reason to be party to the agreements in respect of the Twin Sisters LP. The Walter Canada Group was asked by counsel to Twin Sisters GP to enter into agreements to terminate its interests in the Shareholders' Agreement and the Side Agreement. Therefore, New WCCC entered into (i) a Termination Agreement, made as of February 2, 2017, with Saulneau, West Moberly, and Twin Sisters GP; and (ii) a Termination and Amending Agreement, made as of February 2, 2017, with Saulneau and West Moberly. These agreements terminated New WCC's interests in the Shareholders' Agreement and the Side Agreement, respectively, and provided customary mutual releases in respect of matters related to Twin Sisters LP and Twin Sisters GP.

C. Update Regarding Other Matters

18. Since January 12, 2017, the date of the ninth affidavit I swore in these CCAA proceedings, the New Walter Canada Group has:
- (a) attended to post-closing matters in respect of the Residual Asset Sale Transaction (as described in my fifth affidavit sworn in these proceedings on December 21, 2016);
 - (b) attended to post-closing matters in respect of the Conuma Transaction, including, among other things, obtaining a certificate from Conuma certifying that all permits and other approvals contemplated under the Conuma APA have been transferred to Conuma or otherwise obtained and that there were no incidents, violations or occurrences that may have given rise to a claim by the New Walter Canada Group against Conuma under the Contract Mining Agreement. The Contract Mining Agreement therefore terminated in accordance with its terms and the Monitor issued its second certificate to Conuma to extinguish the Indemnification Security Interest Charge granted over certain property vested in Conuma pursuant to the Approval and Vesting Order of this Honourable Court to secure Conuma's indemnification obligations under the Contract Mining Agreement; and
 - (c) arranged for directors and officers liability insurance for the New Walter Canada Group to be extended to June 30, 2017
19. In addition, since January 12, 2017, the New Walter Canada Group has attended to various matters related to the claims process established by the order of this Honourable Court made on August 16, 2016 (the "**Claims Process**"), including the following:
- (a) Settling the claim of Joseph Strong, a former employee at the Wolverine Mine who had been disputing the disallowance of his claim by the Monitor.
 - (b) Reaching an agreement with United Steelworkers, Local 1-424 on dismissing the petitions for judicial review as discussed in greater detail in the Ninth Report of the Monitor dated March 10, 2017, and on a process for the Monitor to receive funds held in trust by counsel

for the Steelworkers and to disburse those funds to members of the Steelworkers with allowed claims under Section 54 of the B.C. *Labour Relations Code*, R.S.B.C. 1996, c. 44.

- (c) Engaged with parties holding disputed claims regarding the process for the advancing their claims.

II. APPROVAL OF FURTHER ADVANCES TO THE WALTER UK GROUP

20. Pursuant to the authorization granted by the Order of this Honourable Court dated December 21, 2016, Cambrian loaned £250,000 to the Walter UK Group, on a secured basis, to provide working capital to Energybuild Ltd. while efforts were made to sell the Walter UK Group or its assets. All the members of the Walter UK Group have guaranteed the loan and have granted security for those guarantees.
21. As described in my eighth affidavit sworn on December 20, 2016 in these proceedings (the "**Eighth Aziz Affidavit**"), Energybuild Ltd. is the operating company that owns and operates the Aberpergym underground coal mine located at the Neath Valley in Wales. The mine is currently in care and maintenance.
22. The New Walter Canada Group and the directors of the Walter UK Group have been analyzing Energybuild Ltd.'s business and seeking opportunities to sell Energybuild Ltd. and its affiliates or their assets. As described in the Eighth Aziz Affidavit, an interested party has come forward regarding a potential sale of Energybuild Ltd. and certain of its affiliates. The interested party remains interested in acquiring these assets, but has requested that certain conditions be satisfied in respect of claims that may be made against Energybuild Ltd. and any of its affiliates that may be acquired.
23. The New Walter Canada Group and the Walter UK Group have engaged in discussions with the relevant persons in respect of their claims in an effort to satisfy the interested party's requests. These discussions are ongoing.

24. As a result of the interested party's conditions and other matters in these CCAA proceedings, including litigation in respect of the Claims Process, the additional month that was originally forecast for the completion of the negotiations of a sale of Energybuild Ltd. has proven to be overly optimistic. Further time is needed to negotiate with the interested party and other stakeholders in an effort to achieve a resolution that is in the best interests of the New Walter Canada Group, the Walter UK Group and their respective stakeholders.
25. The New Walter Canada Group has been provided with cash flow forecasts for Energybuild Ltd. that indicate a cash need of approximately £350,000 through to the end of the proposed extended Stay Period. As such, the New Walter Canada Group is seeking this Honourable Court's authorization to advance up to an additional £350,000 (for an aggregate total of £600,000) on a secured basis to the Walter UK Group to fund Energybuild Ltd.'s working capital needs while negotiations regarding a potential sale continue.
26. The New Walter Canada Group anticipates completing the sale of Energybuild Ltd. or finding another option for the Walter UK Group prior to the conclusion of the proposed extended Stay Period, but is seeking authorization to make such further secured advances as the New Walter Canada Group determines, in the exercise of their business judgement, are in the best interests of Cambrian and the other members of the New Walter Canada Group up to an aggregate maximum of £600,000. No additional funds will be advanced unless the New Walter Canada Group determines that such further advance will be in the best interests of Cambrian and the other members of the New Walter Canada Group.


III. STAY EXTENSION

27. This Honourable Court granted a stay of proceedings in the Initial Order, until January 6, 2016 or such later date as this Honourable Court may order (the "Stay Period"). On January 5, 2016, this Honourable Court extended the Stay Period until and including April 5, 2016. On March 30, 2016, this Honourable Court extended the Stay Period until and including June 24, 2016. On June 24, 2016, this Honourable Court extended the Stay Period until and including August 19, 2016. On

August 16, 2016, this Honourable Court extended the Stay Period until and including January 17, 2017. On January 16, 2017, this Honourable Court extended the Stay Period until and including May 31, 2017.

28. The New Walter Canada Group is requesting an extension of the Stay Period until and including September 29, 2017. This extension is being requested to allow the New Walter Canada Group to continue the Claims Process (including any further adjudication of the 1974 Plan's claim), to move forward with the sale of the BelSax Assets, and to address matters relating to the Walter UK Group.
29. From my review of the current cash flow projections, I do verily believe that the New Walter Canada Group will have sufficient operating cash to continue operations during the proposed extended Stay Period.
30. The New Walter Canada Group has been proceeding in good faith and with due diligence in these proceedings, as outlined above.
31. It is my understanding that the Monitor supports the extension of the Stay Period and will file a report attaching a cash flow forecast that demonstrates, subject to the assumptions more fully set out in the report, that the New Walter Canada Group has sufficient liquidity to continue its operations as currently conducted through to the end of the proposed extended Stay Period.
32. It is in the best interests of the New Walter Canada Group and all its stakeholders that the Stay Period be extended to September 29, 2017 to enable the New Walter Canada Group to complete the Claims Process, move forward with the sale of the BelSax Assets, and deal with matters relating to the Walter UK Group.

SWORN BEFORE ME at Toronto, in
the Province of Ontario, on May 18,
2017.



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

Patrick Ruester

)
)
)
)
)


WILLIAM E. AZIZ

NO. S-1510120
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

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

AND

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

PETITIONERS

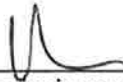
AFFIDAVIT #10 OF WILLIAM E. AZIZ

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Tel. No. 416.862.4924
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Client Matter No. 1164807

This is Exhibit "B" referred to in Affidavit #11 of **William E. Aziz** sworn June 27, 2017 at Toronto, Ontario.



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

Patrick Riester

PURCHASE AGREEMENT
BY AND AMONG
NEW WALTER CANADIAN COAL CORP.
AND
PEACE RIVER COAL INC.
DATED AS OF May 31st, 2017

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PURCHASE AGREEMENT

This Purchase Agreement is dated ~~July 1~~ 2017, among New Walter Canadian Coal Corp. (the "**Seller**") and Peace River Coal Ltd. (the "**Purchaser**" and, collectively with the Seller, the "**Parties**").

WHEREAS

- A. Walter Energy Canada Holdings, Inc. ("**Walter Energy Canada**"), Walter Canadian Coal Partnership (the "**Walter Canadian Coal**") and certain of their Affiliates applied for and were 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 (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 Walter Energy Canada and its Affiliates, including the assets of Walter Canadian Coal (the "**SISP**");
- C. Pursuant to the SISP Order, BlueTree Advisors Inc. was appointed as the Chief Restructuring Officer (the "**CRO**") to select one or more successful bids for the assets of Walter Energy Canada and its Affiliates, in consultation with the Monitor;
- D. On August 8, 2016, Walter Energy Canada and Conuma Coal Resources Limited ("**Conuma**") entered into an asset purchase agreement (the "**Conuma APA**") with respect to the "**Assets**" and the "**Assumed Liabilities**" (as those terms are defined in the Conuma APA) of Walter Energy Canada and its Affiliates. The principal transactions contemplated by the Conuma APA closed on September 9, 2016 and Walter Canadian Coal had the right to sell certain BelSax Assets (as defined below) to Conuma pursuant to the Belcourt Put Option as set out in the Conuma APA;
- E. Walter Canadian Coal was a party to the BelSax LPA (as defined below) until December 28, 2016, pursuant to which Walter Canadian Coal held certain partnership interests, marketable shares and securities of the BelSax LP (as defined below) and of BelSax GP (as defined below);
- F. On December 28, 2016, the BelSax Assets were transferred to the Seller and Seller became party to the BelSax LPA pursuant to an order of the Court pronounced December 21, 2016 (the "**CCAA Continuity and Vesting Order**");
- G. The Purchaser is also a party to the BelSax LPA and pursuant to the terms of the BelSax LPA had the benefit of certain rights of first refusal over any sale by Walter Canadian Coal (and the Seller as successor in interest) of the BelSax Assets;
- H. On April 27, 2017, the Seller indicated its willingness to accept a third party offer from Conuma dated April 24, 2017 (the "**Conuma Third Party Offer**") for the acquisition of the BelSax Assets, which triggered the Purchaser's rights of first refusal pursuant to the terms of the BelSax LPA in respect of the BelSax Assets;

- I. The Purchaser has informed the Seller that it wishes to exercise its rights of first refusal and acquire all of the Seller's interest in the BelSax Assets on substantially the same relevant terms and conditions as set forth in the Conuma Third Party Offer; and
- J. The Seller has agreed to transfer to the Purchaser, and the Purchaser has agreed to purchase and to assume, the BelSax Assets and the Assumed Liabilities 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:

“**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 Purchase Agreement, including the recitals, and all amendments hereto made in accordance with Section 10.7.

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

“**Assumed Liabilities**” has the meaning set forth in Section 2.1.2.

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

“**Belcourt Royalty**” means the “Royalty” reserved to Western Canadian Coal Corp. (a predecessor in interest to the Seller) in paragraph 3.1 of the Belcourt Asset Transfer Agreement between Western Canadian Coal Corp and BelSax LP dated March 2, 2005.

“**BelSax Assets**” means all partnership interests, marketable shares and securities of BelSax LP and BelSax GP in which the Seller has any right, title or interest and the Seller's interest in the Belcourt Royalty.

“**BelSax Purchaser Assets**” means all partnership interests, marketable shares and securities of BelSax LP and BelSax GP in which the Purchaser has any right, title or interest.

“**BelSax Licences**” means the coal licenses issued under the *Coal Act* (British Columbia)

and the applications for coal licenses to be issued thereunder, owned by the BelSax LP as of the date of this Agreement.

“**BelSax GP**” means Belcourt Saxon Coal Ltd.

“**BelSax LP**” means Belcourt Saxon Coal Limited Partnership

“**BelSax LPA**” means the Belcourt Saxon Limited Partnership Agreement dated March 2, 2005, among BelSax GP, Western Canadian Coal Corp. (the predecessor-in-interest to the Seller) and NEMI Northern Energy & Mining Inc. (the predecessor-in-interest to the Purchaser).

“**Books and Records**” means those books, records, files, catalogues, data, information, other information in any form (tangible or intangible) relating exclusively to the BelSax Assets that are owned by the Seller and not duplicative of such documents owned by the Purchaser and provided further however that the term “Books and Records” shall not include any of the foregoing items that do not relate exclusively to the BelSax Assets.

“**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.

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

“**CCAA Continuity and Vesting Order**” 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.

“**Competition Act**” means the *Competition Act* (Canada).

“**Conuma Third Party Offer**” has the meaning set forth in the recitals to this Agreement.

“**Consent**” means any approval, authorization, consent, order, license, permission, 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.

“**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.

“D&O Indemnites” has the meaning set forth in section 5.11.1.

“D&O Indemnitor” has the meaning set forth in section 5.11.1.

“Deposit” has the meaning set forth in Section 2.2.2(a).

“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 any area covered by the BelSax Licences and/or emanating or migrating and/or threatening to emanate or migrate from any area covered by the BelSax Licences 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 any area covered by the BelSax Licences to an off- site treatment, storage or disposal facility; (iii) physical disturbance of or harm or injury to the Environment on, beneath or from any area covered by the BelSax Licences, including any reclamation obligations; or (iv) the violation or alleged violation of any Environmental Laws relating to the BelSax Licences or any area covered by the BelSax Licences.

“Excluded Liabilities” has the meaning set forth in Section 2.1.3.

“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.

“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.

“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.

“Initial Order” has the meaning set forth in the recitals to this Agreement.

“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).

“Knowledge” or **“aware of”** or **“notice of”** or a similar phrase shall mean, with reference to the Seller, the actual knowledge of the CRO after reasonable inquiry, and, with reference to the Purchaser, the actual knowledge of David Lortie 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.

“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.

“Lien” means, as to all BelSax 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).

"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 Purchase Price, in relation to the purchase by the Purchaser of the BelSax 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.

"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 of the BelSax LP consistent with past practice, as such practice is, or may have been, modified as a result of the CCAA proceedings or any transaction completed during, and as part of, the CCAA Proceedings.

"Outside Date" has the meaning set forth in Section 2.3.1.

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

"Permitted Encumbrances" means 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, but excludes 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.

"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.

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

"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.

“Review Period” means the forty-five (45) day timeframe commencing on May 2, 2017 referred to in section 15.2 of the BelSax LPA during which period the Purchaser is given the right to purchase from the Seller the BelSax Assets for the price and on the terms of the Conuma Third Party Offer.

“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.

“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, any agreement that may be necessary for the assignment and assumption of the Assumed Liabilities from the Seller to the Purchaser and all other ancillary agreements to be entered into, or documentation delivered by, any Party pursuant to this Agreement, each in registrable form as may be required.

“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.

“Walter Canadian Coal” has the meaning set forth in the recitals to this Agreement.

“Walter Energy Canada” has the meaning set forth in the recitals to this Agreement.

“Walter Nominees” has the meaning set forth in Section 5.11.1.

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, and paragraph references are to the Articles, Sections, and paragraphs 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

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.

ARTICLE 2 PURCHASE AND SALE OF BELSAX ASSETS

2.1 Purchase and Sale

2.1.1 BelSax 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 BelSax Assets free and clear of all Liens (other than Permitted Encumbrances) pursuant to the Approval and Vesting Order, when granted.

2.1.2 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 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);
- (b) all post-Closing Liabilities with respect to BelSax LP, BelSax GP and the Belcourt Royalty, including in relation to the operation of the BelSax LP and BelSax GP and any cash calls and other obligations whatsoever, whether or not related to the BelSax Licences;
- (c) all Liabilities under the BelSax LPA; and
- (d) all Environmental Liabilities.

2.1.3 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 BelSax 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 BelSax Assets pursuant to the terms hereof, the Purchaser shall pay to the Seller an amount equal to [REDACTED] cash on the Closing Date (the "Purchase Price").

2.2.2 Deposit

- (a) Contemporaneously with the execution and delivery of this Agreement by the Seller, the Purchaser shall pay a deposit payable to the order of the Monitor, in an amount equal to [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 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 the Seller resulting from the Purchaser's default (including reasonable legal fees) and provided however that the recovery for such additional damages shall not 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.

2.2.3 Satisfaction of Purchase Price

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

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

2.2.4 Purchase Price Allocation

On Closing, the Seller and the Purchaser shall agree upon an allocation of the Purchase Price among the BelSax Assets.

2.3 Closing

2.3.1 Place of Closing

The completion of the purchase and sale of the BelSax Assets and the assumption of the Assumed Liabilities (the "Closing") shall take place at the offices of McCarthy Tétrault LLP, Suite 2400, 745 Thurlow 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 the day that is one hundred and thirty five (135) days following the execution of this Agreement by the Purchaser, which execution shall occur within the Review Period, (the "Outside Date")) and which shall be 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 BelSax 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 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, including any duly executed and registrable transfers for transferring the BelSax Assets into the name of the Purchaser;
- (b) the Seller shall deliver to the Purchaser any BelSax LP certificate representing the Seller's limited partnership interest in the BelSax LP, if any are held by the Seller;
- (c) the Seller shall deliver to the Purchaser any original share certificates representing the shares of BelSax GP, if any are held by the Seller, properly endorsed for transfer to the Purchaser and new share certificates representing the shares of BelSax GP purchased by the Purchaser;
- (d) the Seller shall deliver a copy of the Approval and Vesting Order;
- (e) the Walter Nominees shall resign; 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.

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 (which may be email confirmation), following which the Monitor will deliver an executed copy of the Monitor's Certificate to the Purchaser's counsel and the Seller's counsel. 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 and 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 BelSax 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 Transaction Documents 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 No Brokers

The Seller 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 Purchaser.

3.4 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 Purchase Price, any of the Assumed Liabilities and all other amounts payable under the Transaction Documents and to otherwise consummate the transactions contemplated hereby and thereby. 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.

3.5 Regulatory and Other Approvals

Except for the entry of the Approval and Vesting Order, 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.

3.6 Investment Canada Act

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

3.7 Partnership Matters

- 3.7.1 The Purchaser is the successor in interest to NEMI Northern Energy & Mining Inc.'s interest in the BelSax Purchaser Assets.
- 3.7.2 The Purchaser is, and at the Closing will be, the beneficial owner of record with a good and marketable title to the BelSax Purchaser Assets.
- 3.7.3 The Purchaser has a 50% limited partnership interest in BelSax LP and owns 50% of all of the shares of BelSax GP.
- 3.7.4 BelSax GP is the general partner of BelSax LP.
- 3.7.5 To the knowledge of the Purchaser, since the date of the BelSax LPA, there has been no recalculation of the partnership interests in BelSax GP or BelSax LP, and the Purchaser has no knowledge of any event which has occurred or is likely to occur which has resulted or could result in any such recalculation.
- 3.7.6 The Purchaser is not indebted to and has no liability whatsoever to BelSax LP,

BelSax GP, the Seller or Walter Canadian Coal, including liability for any cash contributions, cash calls, Cover Payments (as defined in the BelSax LPA), payments of capital to BelSax LP or cost overruns.

- 3.77 There are no cash call requests, including, without limitation, in respect of any requests to contribute to the Costs (as defined in the BelSax LPA) of any Program and Budget (as defined in the BelSax LPA) that have been submitted by BelSax GP to the Purchaser pursuant to Section 6.4 of the BelSax LPA or otherwise, which have not been fully paid and satisfied by the Seller.
- 3.78 To the knowledge of the Purchaser, all Costs (as defined in the BelSax LPA) in respect of each Program and Budget (as defined in the BelSax LPA) prepared and delivered under the BelSax LPA have been funded by each of the partners of BelSax LP in proportion to their respective *pro rata* share.
- 3.79 To the knowledge of the Purchaser, there is no Program and Budget (as defined in the BelSax LPA) that has been prepared by BelSax GP but not delivered to the Seller under the BelSax LPA.

3.8 No Other Representations or Warranties

- 3.81 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 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 of the BelSax Assets, 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, 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 in connection with the sale of the BelSax Assets. The Purchaser acknowledges that it has conducted to its satisfaction its own independent investigation of the BelSax 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.
- 3.82 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 BelSax Assets 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 BelSax Assets to be acquired and the Assumed Liabilities; 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 BelSax Assets to be acquired or the Assumed Liabilities or the completeness of any information provided in connection therewith, except as expressly stated herein.

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

3.9 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 BelSax Assets and Seller's ownership and operation thereof, the BelSax LPA, BelSax GP or the Liabilities, including Environmental Liabilities, associated therewith and the quantity, quality or suitability for mining in respect of any of the BelSax Licences or any area covered by the BelSax Licences. 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 the existence, location, size or quality of any mineral deposit or condition or fitness for any particular purpose of any portion of any portion of the BelSax Assets. Accordingly, the Purchaser shall accept the BelSax Assets at the Closing "as is", "where is" and "with all faults".

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 written form shall be sufficient disclosure for all purposes under this Agreement. The disclosure of any such information shall not be deemed to be an acknowledgement, in and of itself, that such information is required to be disclosed, is material to the BelSax Assets, 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 Seller is duly organized and validly existing under the Laws of the jurisdiction in which it is organized. 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

- 4.21 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 Regulatory and Other Approvals

Except for the 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.

4.4 Tax Act

The Seller is not a non-resident of Canada within the meaning of the Tax Act.

4.5 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.

4.6 No Cultural Business – Investment Canada Act

The BelSax Assets are not a cultural business, and the Seller is not carrying on a cultural business, within the meaning of the Investment Canada Act.

4.7 Partnership Matters

- 4.7.1 The Seller is the successor in interest to Walter Canadian Coal's interest in the BelSax Assets.
- 4.7.2 Pursuant to the CCAA Continuity and Vesting Order, the Seller is, and at the Closing will be, the beneficial owner of record with a good and marketable title to the BelSax Assets.
- 4.7.3 Pursuant to the CCAA Continuity and Vesting Order, the Seller has a 50% limited partnership interest in BelSax LP and owns 50% of all of the shares of BelSax GP.
- 4.7.4 BelSax GP is the general partner of BelSax LP.
- 4.7.5 To the knowledge of the Seller, since the date of the BelSax LPA, there has been no recalculation of the partnership interests in BelSax GP or BelSax LP, and the Seller has no knowledge of any event which has occurred or is likely to occur which has resulted or could result in any such recalculation.

- 4.76 The Seller is not indebted to and has no liability whatsoever to BelSax LP, BelSax GP or the Purchaser, including liability for any cash contributions, cash calls, Cover Payments (as defined in the BelSax LPA), payments of capital to BelSax LP or cost overruns.
- 4.77 There are no cash call requests, including, without limitation, in respect of any requests to contribute to the Costs (as defined in the BelSax LPA) of any Program and Budget (as defined in the BelSax LPA) that have been submitted by BelSax GP to the Seller pursuant to Section 6.4 of the BelSax LPA or otherwise, which have not been fully paid and satisfied by the Seller.
- 4.78 To the knowledge of the Seller, all Costs (as defined in the BelSax LPA) in respect of each Program and Budget (as defined in the BelSax LPA) prepared and delivered under the BelSax LPA have been funded by each of the partners of BelSax LP in proportion to their respective *pro rata* share.
- 4.79 To the knowledge of the Seller, there is no Program and Budget (as defined in the BelSax LPA) that has been prepared by BelSax GP but not delivered to the Seller under the BelSax LPA.

4.8 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 BelSax Assets 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 BelSax Assets, 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 by the day that is forty five (45) days following the execution and delivery of this Agreement by the Purchaser and the payment of the Deposit, or such other date as may be agreed to by the Parties, an order in form and in substance acceptable to the Purchaser approving the sale of the BelSax Assets to the Purchaser pursuant to this Agreement and vesting in and to the Purchaser the BelSax 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 Seller in connection with the CCAA Proceedings (the "Additional Orders"), the Seller shall have the

right to seek such Additional Orders at the same time as the Approval and Vesting Order and may delay seeking the Approval and Vesting Order for a reasonable period to facilitate obtaining any Additional Orders.

- 5.1.4 The Purchaser and the Seller will cooperate in obtaining entry of the Approval and Vesting Order, 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, as applicable, in connection with such motions and relief requested therein and any objections thereto.
- 5.1.5 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 any other Orders required by the Court in connection with the transactions contemplated hereby. For greater certainty, other than the costs described in the foregoing, all costs related to or arising from obtaining the Approval and Vesting Order or otherwise related to or arising from the CCAA Proceedings shall be for the Seller's sole account.
- 5.1.6 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 other Orders required by the Court in connection with the transactions contemplated hereby, 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 other Orders required by the Court in connection with the transactions contemplated hereby, unless the Seller and the Purchaser agree otherwise, 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 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 challenging any of the transactions contemplated hereby as violative of any Law or if the filing pursuant to Section 5.2.1 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 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.
- 5.2.4 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.
- 5.2.5 The Seller shall, at the reasonable request and the sole expense of the Purchaser, cooperate in the delivery to the Purchaser of any Books and Records following the Closing.
- 5.2.6 Notwithstanding anything in this Agreement to the contrary, Purchaser shall, at its sole cost and expense, reimburse Seller for all out-of-pocket costs and expenses incurred by Seller in connection with any action taken by Seller at Purchaser's request.

5.3 Access to Information

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.

5.4 Confidentiality

After the Closing, the Seller shall keep confidential all information relating to the BelSax LP, the BelSax Assets and the BelSax Licences, except information which:

- (a) is part of the public domain;
- (b) becomes part of the public domain other than as a result of a breach of these provisions by the Seller; or
- (c) 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.

5.5 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, as the case may be, 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.

5.6 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 the other Transaction Documents and give effect to the transactions contemplated herein and therein, including the execution and delivery of such assignments, deeds and other documents as may be necessary to transfer any BelSax Assets as provided in this Agreement and the other Transaction Documents; 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 BelSax Assets or the assumption of Assumed Liabilities.

5.7 Transaction Expenses

Except as otherwise provided in this Agreement or the other Transaction Documents, 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, the Purchaser shall pay all costs associated with any step undertaken by the Seller at the Purchaser's request.

5.8 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 5.8 shall not limit or otherwise affect the remedies available hereunder to the Seller or the Purchaser.

5.9 Risk of Loss

Until the Closing, the BelSax Assets will remain at the risk of the Seller. If any or all of the BelSax Assets are appropriated, expropriated or seized by a 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 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.

5.10 Seller Activities

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 Liabilities, the Seller will:

- (a) conduct itself in relation to the BelSax Assets and the BelSax LP in the usual and Ordinary Course;
- (b) comply in all material respects with all applicable Law and the terms and conditions of the BelSax LPA;
- (c) refrain from assigning, transferring, conveying or otherwise disposing of any of the BelSax Assets;
- (d) not waive or release any material right of Seller that constitutes any part of the BelSax Assets;
- (e) be responsible for any cash calls (including, without limitation, in respect of any requests to contribute to the Costs of any Program and Budget (as those terms are defined in the BelSax LPA) that have been submitted by BelSax GP to the Seller pursuant to Section 6.4 of the BelSax LPA or otherwise) and that come due prior to Closing. For greater certainty, the Purchaser shall be responsible for any cash call requests that come due on or after Closing; and
- (f) advise the Purchaser promptly of any cash call requests (pursuant to Section 6.4 of the BelSax LPA or otherwise) which are requested by BelSax GP prior to the Closing, including of any such cash call requests that may fall due after the Closing for which the Purchaser shall be

responsible.

5.11 Walter Nominee Directors' and Officers' Indemnification

- 5.11.1 The provisions of any document, including any insurance policy maintained by either of BelSax LP or BelSax GP, concerning the elimination of liability and indemnification of directors and officers in existence as of the date hereof shall not be amended in any manner that would adversely affect the rights thereunder of any officer or director of BelSax LP or BelSax GP appointed by Seller, Walter Canadian Coal or any of their Affiliates (the "Walter Nominees").
- 5.11.2 From and after the Closing, the Purchaser (the "D&O Indemnitor") shall indemnify, hold harmless and defend each of the Walter Nominees (the "D&O Indemnitees") against any and all claims of any nature or kind arising out of or relating to, whether directly or indirectly, any acts or omissions (or alleged acts or omissions) of any of the D&O Indemnitees in their capacities as such, which acts or omissions occurred prior to the Closing. The Purchaser shall promptly advance expenses in connection with such indemnifications. The Seller confirms that it holds the benefit of the foregoing indemnity in trust for the D&O Indemnitees.
- 5.11.3 Effective on the Closing, each of the Walter Nominees and each of their respective representatives, successors and assigns, on the one hand, and BelSax LP and BelSax GP and each of their respective representatives, successors and assigns, on the other hand, shall be deemed to have mutually remised, released and forever discharged the other of and from any and all Claims which such parties, or any of them, now has or ever had, or hereafter can, shall or may have, for, upon or by reason of any matter, cause or thing whatsoever, against the other and each of them, to the Closing Date. For greater certainty, the Seller and the D&O Indemnitees do not release any Claims the Seller or the D&O Indemnitees may have under this Section 5.11.

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 5.7, 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. Purchaser shall pay all costs associated with obtaining any such exemption or reduced rate.

6.2 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.

6.3 Records

- 63.1 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 BelSax Assets and the Assumed Liabilities 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 BelSax Assets or the Assumed Liabilities 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.
- 63.2 The Purchaser shall take all reasonable steps to preserve and keep any Books and Records delivered to it in connection with the completion of the transactions contemplated by this Agreement 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.

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

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;
- (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;
- (c) each of the deliveries required to be made to the Seller pursuant to Section 2.3.2 shall have been so delivered; and
- (d) the Approval and Vesting Order shall have been entered in a form and substance acceptable to the Seller and shall have become a Final Order.

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;
- (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;

- (c) each of the deliveries required to be made to the Purchaser pursuant to Section 2.3.2 shall have been so delivered;
- (d) the Approval and Vesting Order shall have been entered in a form and substance acceptable to the Purchaser and shall have become a final order;
- (e) since December 28, 2016, the Seller has not taken any step that is inconsistent with the BelSax LPA that has resulted in the BelSax LP and BelSax GP ceasing to carry on the Business (as defined in the BelSax LPA) in the ordinary course, consistent with past practice or that has caused any changes in the Business, the Belcourt Royalty or any of the assets (including, without limitation, the Belcourt Assets (as defined in the BelSax LPA) and the Saxon Assets (as defined in the BelSax LPA)), operations, affairs, or condition (financial or otherwise) of BelSax LP or BelSax GP, in each case other than changes in the ordinary course of the Business, which do not, individually or in the aggregate, constitute a material adverse change; and
- (f) since December 28, 2016, there have been no distributions (including, without limitation, any distributions of cash by BelSax LP or returns of Capital (as defined in the BelSax LPA)) declared or paid by BelSax LP or BelSax GP to the Seller that have not also been paid to the Purchaser.

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 Closing does not take place by the Outside Date; or
- (c) by the Seller, if this Agreement is executed by the Purchaser after the conclusion of the Review Period,

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 2.2.2 (Deposit), Sections 3.3 & 4.5 (No Brokers) Section 5.3 (Confidentiality), Section 5.5 (Public Announcements), Section 5.7 (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 10.5 (Remedies) Section 10.6 (No Third-Party Beneficiaries) Section 10.8 (Successors and Assigns), Section 10.9 (Governing Law; Submission to Jurisdiction), Section 10.10 (Notices) and Section 10.14 (Entire Agreement).

ARTICLE 9 POST-CLOSING ACTIVITIES AND AGREEMENTS

9.1 General Post-Closing Access to the BelSax Assets

The Parties agree that upon reasonable prior notice to Purchaser, the Seller will be given reasonable access to the BelSax Assets during normal business hours as necessary to enable the Seller to carry out or respond to reporting requirements of Government Entities, ongoing tax and accounting functions and obligations, and other activities of the Seller with respect to the sale of the BelSax Assets. 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.

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.

10.5 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.

10.6 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.

10.7 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 other Transaction 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.

10.8 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).

10.9 Governing Law; Submission to Jurisdiction

10.9.1 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.

10.9.2 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 10.10 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.

10.10 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 10.10.

(a) If to the Purchaser, to:

PEACE RIVER COAL INC.
c/o Anglo American

Level 11
201 Charlotte Street
Brisbane Queensland
4000 Australia
Attention: Carlos Davila

Facsimile: 604-688-5210
Email: carlos.davila@angloamerican.com

with copies (which shall not constitute notice) to:

McCarthy Tétrault LLP
Suite 2400, 745 Thurlow Street
Vancouver BC V6E 0C5
Attention: Roger Taplin

Facsimile: 604-643-7900 Email:
rtaplin@mccarthy.ca

(b) If to the Seller, to:

NEW WALTER CANADIAN COAL CORP.
1055 West Hastings Street
Suite 1700, The Guinness Tower
Vancouver, BC V6E 2E9

Email: baziz@bluetreadvisors.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

Facsimile: 416.777.3364 and 604.691.3036
Email: pireynolds@kpm.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

Facsimile: 416.865.7048
Email: wael.rostom@mcmillan.ca and caitlin.fell@mcmillan.ca

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.

10.11 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.

10.12 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.

10.13 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.

10.14 Entire Agreement

The Transaction Documents set forth the entire understanding of the Parties relating to

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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 (unless the other Transaction Documents expressly provides otherwise).

[Signature page follows]

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

SELLER:

NEW WALTER CANADIAN COAL CORP.

By:


Name: William E. Aziž
Title: Chief Restructuring Advisor

PURCHASER:

PEACE RIVER COAL INC.

By:


Name: FEDERICO VELASQUEZ
Title: DIRECTOR

This is Exhibit "C" referred to in Affidavit #11 of
William E. Aziz sworn June 27, 2017 at Toronto,
Ontario.



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

Patrice Riestre



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..... 3
- II. Sealing the Confidential SISP Materials 16
- III. Proposed Claims Process Order..... 16
- IV. Selenium Biochemical Reactor 23
- V. Severe Rainstorm in Northeastern British Columbia..... 24
- VI. Enhanced Monitor's Powers 24
- VII. PJT Engagement letter 24
- VIII. Stay Extension 25

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 SISIP, 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 SISIP). 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 Energybullid 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 SISF 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 to 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 paid.
- 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:

<u>Event</u>	<u>Date</u>
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.
88. 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 1974 ("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.
[Signature]
Commissioner for Taking Affidavits and Notary
Public in the Province of Ontario

[Signature]
WILLIAM E. AZIZ



Patrick Riestner
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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.

NO. S-1510120
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

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

AND

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

PETITIONERS

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