



Court File No.: B-160976
Estate No.: 11-2199860
Vancouver Registry

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

IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT,
R.S.C. 1985, c. B-3, AS AMENDED

AND IN THE MATTER OF THE BANKRUPTCY OF
WALTER ENERGY CANADA HOLDINGS, INC.

NOTICE OF APPLICATION

Name of applicants: KPMG Inc. in its capacity as Trustee-in-Bankruptcy (the "**Trustee**") of Walter Energy Canada Holdings, Inc. ("**Walter Energy Canada**") and the other debtors listed on **Schedule "A"** (collectively the "**Walter Canada Group**")

To: Service List (attached hereto as **Schedule "B"**)

TAKE NOTICE that an application will be made by the Trustee to the Honourable Madam Justice Fitzpatrick at the courthouse at 800 Smithe Street, Vancouver, B.C., V6Z 2E1, on Friday, **December 16, 2016** at 10:00 a.m. for the orders set out in Part 1 below.

PART 1: ORDERS SOUGHT

1. An Order substantially in the form attached hereto as **Schedule "C"**.

PART 2: FACTUAL BASIS

Procedural History

1. Reference is made to the facts set out in Affidavit #5 of William E. Aziz (the "**Fifth Aziz Affidavit**"), Affidavit #6 of William E. Aziz (the "**Confidential Affidavit**"), the Sixth Report of the Monitor dated December 5, 2016 and the Seventh Report of the Monitor dated December 11, 2016, all filed in proceedings commenced by the Walter Canada Group and another petitioner (the "**CCAA Proceedings**") pursuant to the *Companies' Creditors Arrangement Act*, RSC 1985, c. C-36 ("**CCAA**").
2. On December 7, 2015, this Honourable Court granted an Initial Order (the "**Initial Order**") in the CCAA Proceedings in favour of the Walter Canada Group. The Initial Order also appointed KPMG Inc. as the Monitor of the Walter Canada Group.

3. The terms of the Initial Order, including the stay of proceedings, have been extended a number of times. The most recent stay extension expires on January 17, 2017.
4. On August 16, 2016 this Honourable Court granted an order setting a claims process for the Walter Canada Group (the "**Claims Process Order**").
5. Conuma Coal Resources Limited agreed to purchase the principal assets of the Walter Canada Group pursuant to an asset purchase agreement dated August 8, 2016. This transaction was approved by the Court pursuant to an Approval and Vesting Order pronounced August 16, 2016.
6. At the time of the approved principal asset purchase, the Walter Canada Group indicated an intention to realize value from any remaining assets of the Walter Canada Group (the "**Residual Assets**").
7. On December 7, 2016, this Honourable Court granted an Order allowing the Walter Canada Group to enter into a series of transactions to effect the sale of the Residual Assets (the "**CCAA Procedure Order**"). As part of the CCAA Procedure Order, the proposed sale (the "**Transaction**"), as further discussed in the Fifth Aziz Affidavit, was approved.

Proposed Bankruptcy Proceedings

8. With the CCAA Procedure Order having been granted, it is anticipated that each of the entities comprising the Walter Canada Group will have, on or prior to the hearing of this Application, made assignments in bankruptcy and each will have had KPMG Inc. appointed as its trustee in bankruptcy.
9. The proposed Transaction now contemplates the following steps being taken:
 - (a) This application to the Court for an Order, among other things, for the procedural consolidation of the bankruptcy estates of the Walter Canada Group entities, abridging certain time and notice requirements, and other formalities required under the *Bankruptcy and Insolvency Act* ("**BIA**"), each more fully set out in the attached draft form of order (the "**Bankruptcy Procedure Order**"). The application is currently anticipated to be heard on or about December 16, 2016;
 - (b) Holding the first meeting of creditors of the Walter Canada Group at which the Trustee will be authorized to file a joint proposal for the Walter Canada Group. The first meeting of creditors is currently expected to be held on December 19, 2016;

- (c) The filing of a joint proposal (the “**Proposal**”) for the Walter Canada Group under section 50 of the *BIA* as soon as possible following the issuance of the Bankruptcy Procedure Order;
- (d) A meeting of creditors of the Walter Canada Group to approve the Proposal to occur shortly following the filing of the Proposal (the “**Proposal Meeting**”). The Proposal Meeting is currently expected to be held on or about December 19, 2016; and
- (e) An application to the Court for an Order under the *BIA* approving the Proposal (the “**Sanction Hearing**”). The application is currently anticipated to be heard on or about December 20, 2016.

Bankruptcy of the Walter Canada Group & Procedural Consolidation

- 10. The Walter Canada Group, as part of the steps contemplated in the Transaction and the Proposal, is now seeking the procedural (but not substantive) consolidation of the bankruptcies of the members of the Walter Canada Group, the filing of the Proposal and, among other things, the abridging of certain time and notice requirements, and other formalities required under the *BIA*.

PART 3: LEGAL BASIS

- 1. The Petitioners specifically rely on:
 - (a) *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, and in particular sections 183, 185 and 187;
 - (b) *Supreme Court Civil Rules*, B.C. Reg. 241/2010, Rules 22-4 and 22-5;
 - (c) *Bankruptcy and Insolvency General Rules*, CRC c 368, Rule 3;
 - (d) the inherent and equitable jurisdiction of this Honourable Court; and
 - (e) such further and other grounds as counsel may advise and this Honourable Court may deem just.

Procedural Consolidation

- 2. This Honourable Court has the authority and jurisdiction to procedurally consolidate multiple estates.
- 3. The *BIA* and the *Bankruptcy and Insolvency General Rules* (the “**BIA Rules**”) provide that a court of bankruptcy retains its jurisdiction at law and in equity.
- 4. Section 183 of the *BIA* provides that:

183. (1) The following courts are invested with such jurisdiction at law and in equity as will enable them to exercise original, auxiliary and ancillary jurisdiction in bankruptcy and in other proceedings authorized by this Act during their respective terms, as they are now, or may be hereafter, held, and in vacation and in chambers:

...

(c) in the Provinces of Nova Scotia and British Columbia, the Supreme Court;

BIA, at section 183

5. Rule 3 of the *BIA* Rules provides that:

In cases not provided for in the Act or these Rules, the courts shall apply, within their respective jurisdictions, their ordinary procedure to the extent that that procedure is not inconsistent with the Act or these Rules.

BIA Rules, r 3 [*BIA Rules*]

6. Neither the *BIA* nor the *BIA* Rules provide specifically for the consolidation of bankruptcy estates. While there is no express power in the *BIA* to consolidate the administration of bankrupt estates, the inherent jurisdiction of the court can permit such an order to be made.

Ornge Global GP Inc. (Re), 2013 ONSC 3294, at para. 15

7. In addition, Rule 22-5(8) of the *Supreme Court Civil Rules* (the “**Rules of Court**”) provides that:

(8) Proceedings may be consolidated at any time by order of the court or may be ordered to be tried at the same time or on the same day.

Supreme Court Civil Rules, BC Reg 241/2010, r 22-5(8) [*Civil Rules*]

8. The purpose of consolidation is to avoid multiplicity of proceedings. When considering whether to grant an order consolidating multiple actions, the factors to be considered are: whether there is a common question of law or fact so that it is desirable to dispose of the actions at the same time; the avoidance of multiplicity of proceedings; savings of time and expense; inconvenience to parties; whether one action is at a more advanced stage; prejudice to the parties.

Shah v. Bakken (1996), 20 B.C.L.R. (3d) 393, paras 12-15.

9. When such relief is sought, the guiding question is whether consolidation of the actions makes sense in the circumstances.

Sohal Estate v. Argitos, 2010 BCSC 916, para 12

10. As noted by the Court in *Ornge Global GP*, in circumstances where procedural consolidation will provide for greater administrative efficiency and prevent unnecessary duplication in the administration of the bankrupt estates, the Court possesses the inherent jurisdiction to grant such an order.

Ornge Global GP Inc. (Re), 2013 ONSC 4518, at paras 14-15

11. A consideration of the Proposal clearly demonstrates that, in these circumstances, a procedural consolidation of the bankruptcies of the Walter Canada Group “makes sense” and satisfies each of the factors articulated by the court in *Shah v Bakken*:
- (a) The Proposal, which gives effect to the Transaction, contemplates identical steps, which have been conceived and will be implemented on a group-wide basis, in respect of the entities in the Walter Canada Group. In the absence of the requested order, each of the entities in the Walter Canada Group would be required to prepare and file materials and carry out processes that would be largely identical;
 - (b) In addition, the Walter Canada Group seeks an order exempting the Bankruptcy Trustee or the Proposal Trustee from certain requirements imposed by the *BIA*, abridging the manner in which certain requirements need to be satisfied, and/or providing that the requirements have been satisfied as a result of steps taken in the CCAA proceeding. These formal steps, which are clearly set out in the Fifth Aziz Affidavit, duplicate the work and reporting that KPMG, in its capacity as Monitor in the CCAA proceedings, has already completed;
 - (c) The requested relief of procedural consolidation does not prejudice creditors of the Walter Canada Group. The requested procedural or administrative consolidation does not involve the substantive merger or consolidation of the bankruptcy estates, merely their procedural treatment together.
 - (d) The requested relief would preserve the resources of the Walter Canada Group and avoid the unnecessary expenditure of resources and time duplicating efforts that have already been completed and notices that have already been provided; and
 - (e) By conserving the resources and efforts of both the Walter Canada Group and the creditors, the requested Bankruptcy Procedural Order will ultimately benefit the creditors by conserving the resources of the debtor estates.
12. Procedural consolidation will result in the most efficient use of the Walter Canada Group’s resources, while simultaneously allowing for greater, more certain and timelier recovery for

the creditors of the Walter Canada Group than would otherwise result if consolidation is not approved. Accordingly, this Honourable Court possesses the inherent jurisdiction to grant the relief sought in the Bankruptcy Procedural Order.

Waiving Certain Requirements for the BIA Proposal Given the Short Time Frames

13. The Transaction proposes to implement the facilitated restructuring of the Walter Canada Group through a bankruptcy and a *BIA* Proposal and, given the short time frames, requires certain requirements and formalities of the *BIA* to be abridged, waived, and/or dispensed with.

Dispensing with Notice of the Bankruptcy and Other Documents and Information

14. Section 102 of the *BIA* provides that once a party is bankrupt and a trustee in bankruptcy (the “Trustee”) is appointed, the Trustee is to provide notice of the bankruptcy to every known creditor, publish the notice of the bankruptcy in a local newspaper, and provide documents and information concerning the financial situation of the bankrupt to its creditors.
15. Section 187(12) of the *BIA* provides that the Court may dispense with the preparation of or the sending of any notices or materials to creditors required by the *BIA* where the cost of sending the material or notices is unjustified in the circumstances:

Where in the opinion of the court the cost to preparing statements, list of creditors or other material required by this Act to be sent with notices to creditors, or the cost of sending the materials or notices, is unjustified in the circumstances, the court may give leave to omit the material or any part thereof or to send the material or notices in such manner as the court may direct.

BIA, s 187(12)

16. As part of the *CCAA* proceedings, the Monitor and the Walter Canada Group have taken, and as part of the Transaction will continue to take, active steps to ensure that no prejudice will result to the creditors as a result of the relief contemplated by the Bankruptcy Procedure Order. The Monitor has taken the following steps to bring to the attention of creditors the steps to be taken in completing the Transaction;
 - (a) the posting of material by the Monitor in the *CCAA* Proceedings (the “Monitor”) website at <http://www.kpmg.com/ca/walterenergycanada>;
 - (b) the mailing by the Monitor on November 29, 2016 of a letter to all creditors with proven claims in the *CCAA* Proceedings for whom the Monitor did not have an

email address or a fax number regarding potential proceedings relating to the Debtors;

- (c) the mailing of a further letter to creditors for whom the Monitor did not have an email address or fax number on December 7, 2016 advising that further proceedings, including a bankruptcy of the Debtors would occur shortly and advising that the First Meeting of Creditors would likely be held as soon as 10:00 a.m. on December 13, 2016, the meeting to consider the Proposal would likely be held at 2:00 p.m. on December 13, 2016 and the sanction hearing to approve the Proposal was likely to be heard at 10:00 a.m. on December 14, 2016 at the Supreme Court of British Columbia at 800 Smythe Street, Vancouver, BC; and
 - (d) the delivery by email or fax to all creditors for whom the Monitor had email addresses or fax numbers on December 11, 2016 of, among other things, drafts of the Notice of First Meeting of Creditors, notice of meeting to consider the Proposal and notice of the court application to approve the Proposal;
17. The only requirement of the *BIA* that is requested to be dispensed with is the necessity to publish a notice in a local newspaper of the first meeting of creditors in the bankruptcies. There is not time to publish the notice between the time of the assignments and the first meeting of the creditors, let alone publish the notice 5 days before the meeting, as required by section 102(4) of the *BIA*. Creditors have been advised of the likely time and place of the meeting and to look at the Trustee's website where the notice is posted.
18. In the circumstances, it is appropriate to dispense with the requirement to publish the notice of the first meeting of the creditors in a local newspaper.

Abridging Timelines for the Meetings of Creditors Regarding the BIA Proposal

19. Section 102 of the *BIA* provides that the first meeting of creditors (the "**BIA First Meeting**") of a bankrupt is to be held within twenty-one days of the appointment of the Trustee. The purpose of the BIA First Meeting is to affirm the appointment of the Trustee and appoint inspectors.
20. Section 51 of the *BIA* provides that the Proposal Meeting is to be held within twenty-one days of the filing of a proposal made in respect of a bankrupt and requires the proposal to be sent to every known creditor and to the official receiver at least ten days before the Proposal Meeting.

21. Section 50(3) of the *BIA* requires that the inspectors approve a proposal made in respect of a bankrupt before further action is taken.
22. Rule 3 of the *Bankruptcy and Insolvency General Rules* (the “**Rules**”) authorizes the Court to apply the ordinary procedural rules to the extent that such procedure is not inconsistent with the *BIA* or the *Rules*:

3. In cases not provided for in the Act or these Rules, the courts shall apply, within their respective jurisdictions, their ordinary procedure to the extent that that procedure is not inconsistent with the Act or these Rules.

BIA Rules, r 3

23. Rule 22-4(2) of the *Supreme Court Civil Rules* allows the Court to extend or shorten any period of time:

(2) The court may extend or shorten any period of time provided for in these Supreme Court Civil Rules or in an order of the court, even though the application for the extension or the order granting the extension is made after the period of time has expired.

Civil Rules, r 22-4(2)

24. This Court therefore has the power to extend or abridge time limits provided for in the *BIA*.
25. In *Re Agritrans Logistics Ltd*, the Manitoba Court of Appeal relied upon Rule 3 of the *BIA Rules* and sections of the Manitoba civil practice rules in determining whether to extend or abridge the time to appeal from a bankruptcy trustee’s notice of dispute. Similarly, in *Re Raymor Industries Inc*, the Quebec Court of Appeal abridged the ten day requirement under subsection 58(c) of the *BIA* to send a report on a proposal to the official receiver.

Re Agritrans Logistics Ltd, 2005 MBCA 68 at paras 16 - 18

Re Raymor Industries Inc, 2009 QCCA 680 at para 1

26. Correspondingly, considering Rule 3 of the *BIA Rules* and Rule 22-4 of the *Civil Rules*, this Court has the power to abridge the time for the BIA First Meeting and the Proposal Meeting.
27. The proposed timetable in the Transaction contemplates that the BIA First Meeting and the Proposal Meeting will be held on the same day, tentatively the day following the granting of the BIA Procedure Order, assuming that the application is approved. This means that the Bankruptcy Trustee will not have sufficient time to give the required notices to the creditors of the Walter Canada Group of the first meeting of creditors in the bankruptcy or of the meeting to consider the Proposal.

28. In order to ensure that the creditors will not be prejudiced in any way by the timeframe contemplated in the Transaction, the creditors have been given notice throughout this process and in alternative ways. The creditors will suffer prejudice if the timelines are not abridged and the proposal fails.
29. Accordingly, the creditors of the Walter Canada Group will not suffer any prejudice if the Bankruptcy Procedure Order is granted and the notice requirements under the *BIA* are abridged in accordance with the proposed Bankruptcy Procedure Order. The recovery on creditors' claims will, however, be negatively affected if the Bankruptcy Procedure Order is not granted and the Transaction is unable to be completed within the proposed timeframes.

Deeming the Proofs of Claim Under the CCAA as Sufficient

30. Section 124 of the *BIA* provides that every creditor is to prove their claim to be entitled to share in any distribution that may be made.
31. Both the *CCAA* and the *BIA* define "claim" by reference to liabilities "provable" under the *BIA*.
32. Specifically, s. 2(1) of the *CCAA* defines a claim as "any indebtedness, liability or obligation of any kind that, if unsecured, would be a debt provable in bankruptcy within the meaning of the *Bankruptcy and Insolvency Act*."
33. Section 2 of the *BIA* defines a "claim provable in bankruptcy" as "any claim or liability provable in proceedings under this Act by a creditor."
34. In substance, the same statutory definition of "claim" is applied under the *CCAA* and the *BIA*. The Court has noted this represents a point of convergence that is consistent with the harmonization of aspects of insolvency law that are common to both the *CCAA* and *BIA*.

Re Bul River Mineral Corporation, 2014 BCSC 1732 at paras 37-39

Century Services Inc v Canada (AG), 2010 SCC 60 at para 24

35. The creditors of the Walter Canada Group have a means of proving their claims under the *CCAA* in accordance with the Claims Process Order. As the claims under the *CCAA* and the *BIA* are the same, it would be redundant and an unnecessary use of the Walter Canada Group's resources to require the creditors to file and prove their claims a second time under the *BIA*. In addition, requiring the creditors of the Walter Canada Group to file and prove their claims under the *BIA* would prevent the Transaction from closing in time, thereby causing prejudice to the creditors of the Walter Canada Group by preventing them from

benefiting from the value that would be added to the New Walter Group as a result of the Transaction.

36. Accordingly, and in these circumstances, the balance of convenience militates in favour of granting the relief sought in the Bankruptcy Procedural Order, and it is appropriate to continue the application and deem the claims proven under the CCAA as proven under the *BIA* on the terms set out in the Bankruptcy Procedural Order.
37. Finally, the Bankruptcy Procedural Order does not limit or otherwise prevent others from filing claims. There is only one post-CCAA creditor, other than professionals whose claims are secured, and that creditor is also a creditor in the CCAA and has had notice of this proceeding.
38. United Steelworkers, Local 1-424 has requested that it be deemed to hold proxies for the Proposal Meeting for all Claimants who were employed by Wolverine Coal Partnership and who were members of United Steelworkers, Local 1-424 who do not otherwise vote in person or by voting letter or by proxy submitted to the Proposal Trustee.
- 39.

PART 4: MATERIAL TO BE RELIED ON

1. Affidavit #5 of William E. Aziz, filed in the CCAA Proceedings;
2. Monitor's Seventh Report, filed in the CCAA Proceedings;
3. Affidavit #1 of Lori Viner, sworn December 13, 2016;
4. pleadings and other materials filed in the CCAA Proceedings; and
5. such further and other materials as counsel may advise and this Honourable Court may permit.

The Petitioners estimate that the application will take 30 minutes.

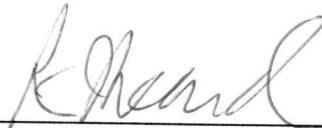
- This matter is within the jurisdiction of a master.
- This matter is not within the jurisdiction of a master. The Honourable Madame Justice Fitzpatrick is seized of these proceedings and the hearing of this application has been arranged with Trial Scheduling.

TO THE PERSONS RECEIVING THIS NOTICE OF APPLICATION: If you wish to respond to this notice of application, you must, within 5 business days after service of this notice of application or, if this application is brought under Rule 9-7, within 8 business days after service of this notice of application,

- (a) file an application response in Form 33;
- (b) file the original of every affidavit, and of every other document, that
 - (i) you intend to refer to at the hearing of this application, and
 - (ii) has not already been filed in the proceeding; and
- (c) serve on the Petitioners 2 copies of the following, and on every other party of record one copy of the following:
 - (i) a copy of the filed application response;
 - (ii) a copy of each of the filed affidavits and other documents that you intend to refer to at the hearing of this application and that has not already been served on that person
 - (iii) if this application is brought under Rule 9-7, any notice that you are required to give under Rule 9-7(9).

December 15, 2016

Dated _____



Signature of lawyer for the Monitor, KPMG Inc.
McMillan LLP (Peter J. Reardon)

To be completed by the court only:

Order made

in the terms requested in paragraphs _____ of Part 1 of this notice of application

with the following variations and additional terms:

Date: _____

Signature of Judge Master

APPENDIX

The following information is provided for data collection purposes only and is of no legal effect.

THIS APPLICATION INVOLVES THE FOLLOWING:

- discovery: comply with demand for documents
- discovery: production of additional documents
- oral matters concerning document discovery
- extend oral discovery
- other matter concerning oral discovery
- amend pleadings
- add/change parties
- summary judgment
- summary trial
- service
- mediation
- adjournments
- proceedings at trial
- case plan orders: amend
- case plan orders: other
- experts
- other

SCHEDULE “A”

Petitioners

1. Walter Energy Canada Holdings Inc.
2. Walter Canadian Coal ULC
3. Wolverine Coal ULC
4. Brule Coal ULC
5. Willow Creek Coal ULC
6. Pine Valley Coal, Ltd.
7. 0541237 B.C. Ltd.

Partnerships

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

SCHEDULE "B"

See Attached

SERVICE LIST

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SCHEDULE "C"

See Attached

Court File No.:
Estate No:
Vancouver Registry

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

IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT,
R.S.C. 1985, c. B-3, AS AMENDED

AND IN THE MATTER OF THE BANKRUPTCY OF
WALTER ENERGY CANADA HOLDINGS, INC.

ORDER MADE AFTER APPLICATION
(Bankruptcy Procedure Order)

BEFORE THE HONOURABLE)
MADAM JUSTICE FITZPATRICK) WEDNESDAY, THE 14TH DAY OF
) DECEMBER 2016

ON THE APPLICATION of KPMG Inc., in its capacity as trustee in bankruptcy (the "**Bankruptcy Trustee**") of Walter Energy Canada Holdings, Inc., Walter Canadian Coal ULC, Wolverine Coal ULC, Brule Coal ULC, Willow Creek Coal ULC, Pine Valley Coal, Ltd., 0541237 B.C. Ltd., Walter Canadian Coal Partnership, Wolverine Coal Partnership, Brule Coal Partnership and Willow Creek Coal Partnership (collectively, the "**Debtors**") coming on for hearing at Vancouver, British Columbia, on the 14th day of December, 2016;

AND ON HEARING Peter Reardon, counsel for the Bankruptcy Trustee, and Mary I.A. Buttery, H. Lance Williams, and Patrick Riesterer, counsel for the Debtors and New Walter Energy Canada Holdings, Inc., New Walter Canadian Coal Corp., New Brule Coal Corp., New Willow Creek Coal Corp. and New Wolverine Coal Corp. (the "**New Walter Canada Group**") and those other counsel listed on **Schedule "A"** hereto;

AND UPON READING the material sworn or filed herein and all other materials sworn and filed in connection with the Supreme Court of British Columbia Action No. S-1510120 (the "**CCAA Proceedings**") under *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended;

AND pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and the British Columbia Supreme Court Civil Rules;

THIS COURT ORDERS AND DECLARES THAT:

SERVICE AND DEFINITIONS

1. The time for service of the notice of application for this order is hereby abridged and deemed good and sufficient and this application is properly returnable today.

CONSOLIDATED BANKRUPTCY PROCEEDINGS

2. The Bankruptcy Trustee is entitled to administer the procedural matters relating to the following bankruptcy proceedings (the "Individual Estates") of the Debtors on a consolidated basis (the "**Consolidated Bankruptcy Proceedings**");

Debtor	Court No.	Estate No.
Walter Energy Canada Holdings, Inc.		
Walter Canadian Coal ULC		
Wolverine Coal ULC		
Brule Coal ULC		
Willow Creek Coal ULC		
Pine Valley Coal, Ltd.		
0541237 B.C. Ltd.		
Walter Canadian Coal Partnership		
Wolverine Coal Partnership		
Brule Coal Partnership		
Willow Creek Coal Partnership		

3. A copy of this order will be filed in the court file for each of the Individual Estates, but any other document required to be filed in the court in the Consolidated Bankruptcy Proceedings shall be filed in this proceeding.

4. The Consolidated Bankruptcy Proceedings will be in relation to procedural matters only and do not:
 - (a) affect the separate legal status and corporate structure of the Debtors;
 - (b) cause any of the Debtors to be liable for any claim for which it is otherwise not liable, or cause any of the Debtors to have an interest in an asset to which it otherwise would not have; or
 - (c) affect the Debtors' filing obligations under the BIA, other than abridging timelines and dispensing with notice requirements as set out herein.

5. Without limiting the generality of the foregoing, the Bankruptcy Trustee is authorised to carry out its administrative duties and responsibilities as trustee in bankruptcy and as proposal trustee (the "**Proposal Trustee**") under the BIA as if the Consolidated Bankruptcy Proceedings were a single proceeding under the BIA, including without limitation:
 - (a) the meetings of creditors of the Debtors may be convened and conducted jointly;
 - (b) the Bankruptcy Trustee and the Proposal Trustee, as applicable, are authorised to issue consolidated reports in respect of the Debtors; and
 - (c) the Bankruptcy Trustee is authorised to deal with all filings and notices relating to the bankruptcy and the Proposal Trustee is authorized to deal with all filings and notices relating to the proposal proceedings of the Debtors, each as required under the BIA on a consolidated basis.

BANKRUPTCY OF THE DEBTORS AND BANKRUPTCY TRUSTEE

6. The First Meeting of Creditors (the "**First Meeting of Creditors**") in the Consolidated Bankruptcy Proceedings will be held on December **[15]**, 2016 at 10 o'clock a.m. (Vancouver time) at the offices of the Bankruptcy Trustee, 400 - 777 Dunsmuir Street, Vancouver, or such later date as required by the Bankruptcy Trustee and notice of such later date shall be posted on the Bankruptcy Trustee's website.

7. The following actions shall be sufficient notice for the holding the First Meeting of Creditors and the holding of the meeting to consider the Proposal:
 - (a) The posting of all Monitor's reports issued in the CCAA Proceedings, including the most current cash flow statement on the Bankruptcy Trustee's website at <http://www.kpmg.com/ca/walterenergycanada> (the "Bankruptcy Trustee's Website");

- (b) the posting of this Order and all notices given by the Bankruptcy Trustee and the Proposal Trustee on the Bankruptcy Trustee's website;
- (c) the mailing by the Monitor in the CCAA Proceedings (the "Monitor") on November 29, 2016 of a letter to all creditors with proven claims in the CCAA Proceedings for whom the Monitor did not have an email address or a fax number regarding potential proceedings relating to the Debtors;
- (d) the mailing of a further letter to creditors for whom the Monitor did not have an email address or fax number on December 7, 2016 advising that further proceedings, including a bankruptcy of the Debtors would occur shortly and advising that the First Meeting of Creditors would likely be held as soon as 10:00 a.m. on December 13, 2016, the meeting to consider the Proposal would likely be held at 2:00 p.m. on December 13, 2016 and the sanction hearing to approve the Proposal was likely to be heard at 10:00 a.m. on December 14, 2016 at the Supreme Court of British Columbia at 800 Smythe Street, Vancouver, BC; and
- (e) the delivery by email or fax to all creditors for whom the Monitor had email addresses or fax numbers on December 11, 2016 of, among other things, drafts of the Notice of First Meeting of Creditors, notice of meeting to consider the Proposal and notice of the court application to approve the Proposal;

(such actions being collectively referred to herein as the "Notices").

8. The times for satisfying the following requirements under the BIA are abridged:

- (a) the requirement of the Bankruptcy Trustee to provide any notice or information in respect of the First Meeting of Creditors pursuant to section 102 of the BIA; and
- (b) for the Proposal Trustee to report as to the appraisal and investigation of the affairs of the Debtors pursuant to section 50(10) of the BIA;

and any notice requirements under the BIA required in advance of the Sanction Hearing as defined in paragraph 14 below are satisfied by the Notices and the Bankruptcy Trustee making available on its website and providing a copy to the Superintendent of Bankruptcy/Official Receiver of the following:

- (c) the certificates of appointment issued by the Superintendent of Bankruptcy in respect of the Debtors;

- (d) a copy of this Order; and
 - (e) a copy of a consolidated statement of all claims in the CCAA Proceeding and all assets.
9. The requirement for the Bankruptcy Trustee to publish notice of the First Meeting of Creditors pursuant to section 102(4) is hereby dispensed with.
 10. All claims filed or deemed to be filed pursuant to the claims process order pronounced August 16, 2016 (the "**Claims Process Order**") or otherwise in the CCAA Proceedings will continue in the Consolidated Bankruptcy Proceedings and all proofs of claim and notices of civil claim filed in respect of such claims and all notices of revision or disallowance issued in the CCAA Proceedings claims process and the Claims Bar Date (as defined in the Claims Process Order) continue to apply, *mutatis mutandis*, in these proceedings. The creditors of the Walter Canada Group shall not be required to further prove their claims pursuant to section 124 of the BIA. Any creditors of the Debtors with claims arising after the deadline set out in the Claims Process Order may prove their claim in accordance with the BIA, and are unaffected by the Claims Bar Date.
 11. The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Union, Local 1-424 ("USW Local 1-424") is deemed to hold proxies for the First Meeting of Creditors and the Proposal Meeting (as defined below) for all Claimants who were employed by Wolverine Coal Partnership and who were members of USW, Local 1-424 who do not otherwise vote in person or by voting letter or by proxy submitted to the Proposal Trustee. USW Local 1-424 will appoint an individual to vote in person or by proxy at the First Meeting of Creditors and the Proposal Meeting.
 12. The Bankruptcy Trustee is hereby authorized to file a joint proposal of the Debtors under the BIA in the form attached as **Schedule "B"**, or as amended in accordance with its terms (the "**Proposal**").

THE PROPOSAL AND THE PROPOSAL TRUSTEE

13. The requirement that the Proposal Trustee send the documents listed in section 51(1) of the BIA to every known creditor is hereby abridged and amended such that the posting by the Proposal Trustee of these documents on the Proposal Trustee's website at <http://www.kpmg.com/ca/walterenergycanada> and delivery of the documents by e-mail or fax to the creditors of the Debtors for which the Proposal Trustee has e-mail addresses or fax numbers will be good and sufficient delivery and notice of the documents to be provided pursuant to section 51(1) of the BIA.

14. The meeting to approve the Proposal of the Debtors (the "**Proposal Meeting**") will be held on December **[15]**, 2016 at 2:00 o'clock p.m. (Vancouver time) at the offices of the Proposal Trustee, 400 - 777 Dunsmuir Street, Vancouver or such later date as required by the Proposal Trustee and notice of such later date shall be posted on the Proposal Trustee's website.
15. William Aziz of BlueTree Advisors Inc., the chief restructuring officer of the Debtors in the CCAA Proceedings shall be entitled to be an inspector if appointed by the creditors at the First Meeting of Creditors and/or the Proposal Meeting.
16. The time for holding the application for the Court's approval of the Proposal (the "**Sanction Hearing**") is hereby abridged such that the Sanction Hearing will be heard by the Court on December **[16]**, 2016 or on such later date as may be determined by the Proposal Trustee.
17. The requirement that the Proposal Trustee send a notice (the "**Proposal Notice**") pursuant to section 58 of the BIA of the hearing of the Sanction Hearing at least 15 days before the date of such hearing, to the Debtors and to every creditor of the Debtors who has a proven claim is hereby abridged and amended such that the posting by the Proposal Trustee of the Proposal Notice on the Proposal Trustee's website will be good and sufficient notice of the Sanction Hearing. Prior to the Sanction Hearing, the Trustee will post a copy of the notice of application and report of the Trustee to be filed in connection with the Sanction Hearing (the "**Sanction Hearing Materials**"), on the Trustee's website and will deliver such notice of application and report by e-mail or fax to the creditors of the Debtors for which the Trustee has e-mail addresses or fax numbers, and such delivery will constitute sufficient delivery and notice of the Sanction Hearing Materials.

GENERAL

18. The Proposal Trustee is authorized and directed to take any steps or execute any conveyances, contracts, assignments or other documents reasonably necessary or advisable to complete the Proposal and the transactions contemplated thereby.
19. The Bankruptcy Trustee, the Proposal Trustee or any other interested person may rely on the materials filed in the CCAA Proceedings at the application for the Proposal Approval Order or any other order in these proceedings.
20. Each of the Bankruptcy Trustee, the Proposal Trustee and the New Walter Canada Group be and are at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and the Bankruptcy Trustee or the Proposal Trustee, as applicable is authorized and empowered to act as a representative in respect of the within

proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada, including acting as a foreign representative of the Debtors to apply to the United States Bankruptcy Court for relief pursuant to Chapter 15 of the *United States Bankruptcy Code*, 11 U.S.C. §§ 101-1330, as amended.

21. Endorsement of this Order by counsel appearing, other than counsel for the Petitioners, is hereby dispensed with.

THIS COURT REQUESTS the aid and recognition of other Canadian and foreign Courts, tribunals, regulatory or administrative bodies, including any Court or administrative tribunal of any federal or state court or administrative body in the United States of America, to act in aid of and to be complementary to this Court in carrying out the terms of this Order where required. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Trustee, as an officer of this Court, and to the New Walter Canada Group as may be necessary or desirable to give effect to this Order, to grant representative status to the Trustee in any foreign proceeding, or to assist the Trustee and the New Walter Canada Group and their respective agents in carrying out the terms of this Order.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Lawyers for the Trustee

McMillan LLP
(Peter Reardon and Wael Rostom)

BY THE COURT

REGISTRAR-IN-BANKRUPTCY

SCHEDULE "A"

COUNSEL LIST	
NAME	PARTY REPRESENTED

Court File No.:
Estate No:
Vancouver Registry

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ORDER MADE AFTER APPLICATION

PETER J. REARDON
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Box 11117
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Court File No.:
Estate No:
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NOTICE OF APPLICATION

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