



This is the 29th Affidavit of
William E. Aziz in this case and
was made on November 12, 2019

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 AND 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 an application by the New Walter Canada Group under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 (the "**CCA**") seeking an order extending the Stay Period (defined below) to February 28, 2020.
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 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 an order of this Honourable Court made on January 5, 2016.

4. My engagement as CRO of the Old Walter Canada Group, other than as CRO of Cambrian Energybuild 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.

Status of Proceedings

6. These proceedings are substantially complete. This Court sanctioned the New Walter Canada Group's Amended and Restated Plan of Compromise and Arrangement dated June 22, 2018 (the "**Amended Plan**") on July 23, 2018 and the Amended Plan was implemented as of April 24, 2019. There are no unresolved claims remaining in this proceeding. All Proven Claims as defined in the Amended Plan, except for certain employee claims, have been paid.
7. However, there are two remaining issues that must be addressed before these proceedings can be terminated.
8. First, in order to make a distribution to employees pursuant to the Amended Plan, I understand that Service Canada still needs to complete some work in respect of repayment of employment benefits received by former employees of Old Walter Canada Group. I understand that the Monitor will file a report which will provide an update regarding its efforts to assist Service Canada.
9. Second, the New Walter Canada Group must wind up Energybuild Group Limited ("**EBG**"), Energybuild Holdings Limited ("**EBH**"), and Energybuild Opencast Limited ("**EBO**", and, collectively with EBG and EBH, "**Walter UK**"). Under the Settlement Term Sheet among the New Walter Canada Group, the United Mine Workers of America 1974 Pension Plan and Trust, and Warrior Met Coal LLC ("**Warrior**") dated October 10, 2017 (the "**Settlement Agreement**"), Walter UK is to be wound up in a cost effective and tax efficient manner that protects its directors and officers from liability to the fullest extent possible.

10. On November 7, 2018, this Honourable Court made an Order (the "**November 7 Order**") authorizing the New Walter Canada Group to cause Walter UK to be wound up in a manner that it, in consultation with Warrior, determines.
11. The New Walter Canada Group has been acting diligently to wind up Walter UK since obtaining the November 7 Order. EBO was dissolved on May 14, 2019 through a voluntary strike off whereas EBG and EBH are currently in a members' voluntary liquidation.
12. I have been in regular contact with KPMG UK (which is advising on the winding up of Walter UK) and with the purchasers of EBG's subsidiaries (Energybuild Limited, Energybuild Mining Limited, and Mineral Extraction and Handling Limited) to ensure that all separation issues are addressed properly.
13. A number of steps in EBG and EBH's voluntary liquidation have been completed. All statutory documentation and notices regarding the commencement of EBG and EBH's liquidations and the appointment of the liquidators have been received by the Registrar of Companies. The required statutory notices were published in the London Gazette on June 18, 2019. The creditor claim deadline was July 22, 2019, and no claims were forthcoming. Funds totalling £554,653.75 held on behalf of EBH prior to liquidation have been transferred to a liquidation estate bank account controlled by the liquidators.
14. The remaining steps to liquidate EBG and EBH comprise two phases. The first phase is comprised of the tasks leading up to the payment of all surplus cash to Warrior. The second phase is the period thereafter in which EBG and EBH are finally dissolved.
15. The first phase requires addressing various tax liability issues with HM Revenue & Customs ("**HMRC**") as detailed below:
 - (a) *Value added tax ("VAT")*: As the Walter UK companies were registered as part of a VAT group, forms have been submitted to HMRC to (i) replace EBG as the representative of the VAT group with another member of the VAT group not in liquidation; (ii) remove all Walter UK companies from the VAT group; and (iii) obtain VAT repayments owing to EBG and EBH. Once EBG and EBH are removed from the VAT group, the liquidators must obtain formal clearance from HMRC's Enforcement and Insolvency Service that there are no outstanding liabilities in respect of VAT and pay-as-you-earn tax ("**PAYE**") matters.
 - (b) *Corporation tax*: Final corporation tax returns have also been prepared and submitted to HMRC on behalf of EBG and EBH along with a formal request for clearance confirming that there are no outstanding corporation tax liabilities and that HMRC has no objection to the liquidators proceeding to finalize the liquidations.

16. Once the liquidators have received clearance from HMRC in respect of corporation tax, VAT and PAYE matters and once the costs of liquidation have been settled in full, subject to no other issues arising, the surplus cash will be paid to Warrior in full and final settlement of the debt owing to it by Walter UK.
17. The second phase includes sending the liquidators' draft final accounts of the liquidations to the members together with notice of the intention to deliver the final account to members and the Registrar of Companies after a minimum of 8 weeks. The liquidators obtain their release from office upon delivery of the final account to the Registrar of Companies and the companies will be dissolved approximately three months later.

Stay Extension

18. 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. On May 30, 2017, this Honourable Court extended the Stay Period until and including October 6, 2017. On October 6, 2017, this Honourable Court extended the Stay Period until and including December 15, 2017. On December 13, 2017, this Honourable Court extended the Stay Period until and including February 28, 2018. On February 27, 2018, this Honourable Court extended the Stay Period until and including April 16, 2018. On April 10, 2018, this Honourable Court extended the Stay Period until and including June 1, 2018. On May 31, 2018, this Honourable Court extended the Stay Period until and including December 1, 2018. On November 7, 2018, this Honourable Court extended the Stay Period until and including March 8, 2019. On February 25, 2019, this Honourable Court extended the Stay Period until and including May 6, 2019. On May 1, 2019, this Honourable Court extended the Stay Period until and including August 16, 2019. On August 13, 2019, this Honourable Court extended the Stay Period until and including November 26, 2019.
19. The New Walter Canada Group is requesting an extension of the Stay Period until and including February 28, 2020.
20. At the time of the last stay extension application on August 13, 2019, the New Walter Canada Group expected that it would be in a position to apply to terminate these proceedings during the

current Stay Period. However, it has taken longer than expected to complete outstanding matters for reasons outside the New Walter Canada's and the Monitor's control.

21. During the proposed extended Stay Period, the New Walter Canada Group and the Monitor intend to continue addressing the remaining issues in this proceeding, including completing distributions to creditors in accordance with the Amended Plan, and finishing the first phase of winding up Walter UK and making the related payment to Warrior.
22. 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.
23. The New Walter Canada Group has been proceeding in good faith and with due diligence in these proceedings.
24. 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.
25. It is in the best interests of the New Walter Canada Group and all its stakeholders that the Stay Period be extended to February 28, 2020 to permit completing distributions to creditors, winding up the remaining Walter UK entities, and bringing a motion to terminate these proceedings.

SWORN BEFORE ME at Toronto, in
the Province of Ontario, on
November 12, 2019

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

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William E. Aziz
WILLIAM E. AZIZ

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HOLDINGS ULC

PETITIONERS

AFFIDAVIT #29 OF WILLIAM E. AZIZ

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