



File 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

TWENTY-SECOND REPORT OF THE MONITOR, KPMG INC.

APRIL 26, 2019

**TABLE OF CONTENTS**

INTRODUCTION AND PURPOSE OF THE MONITOR’S REPORT ..... 3  
REPORT RESTRICTIONS AND SCOPE LIMITATIONS ..... 6  
PLAN IMPLEMENTATION ..... 7  
ACTUAL RECEIPTS AND DISBURSEMENTS COMPARED TO FORECAST..... 10  
UPDATED CCAA CASH FLOW FORECAST ..... 12  
OTHER MATTERS..... 14  
THE MONITOR’S CONCLUDING OBSERVATIONS AND RECOMMENDATIONS..... 15

## **INDEX TO SCHEDULES**

Schedule A	Updated CCAA Cash Flow Forecast for the 14-Week Period Ending August 3, 2019
Schedule B	Filed Monitor's Certificate: Plan Sanction

## INTRODUCTION AND PURPOSE OF THE MONITOR'S REPORT

1. KPMG Inc. (“**KPMG**” or the “**Monitor**”) was appointed as Monitor pursuant to the order (the “**Initial Order**”) issued by this Honourable Court on December 7, 2015 in respect of the petition filed by Walter Energy Canada Holdings, Inc., Walter Canadian Coal ULC, Wolverine Coal ULC, Brule Coal ULC, Cambrian Energybuild Holdings ULC (“**Cambrian**”), Willow Creek Coal ULC, Pine Valley Coal Ltd. and 0541237 B.C. Ltd. (collectively, the “**Original Petitioners**”) under the *Companies’ Creditors Arrangement Act*, R.S.C 1985, c. C-36, as amended (the “**CCAA**”) granting, *inter alia*, a stay of proceedings (the “**Stay**”) until January 6, 2016. The proceedings brought by the Original Petitioners under the CCAA will be referred to herein as the “**CCAA Proceedings**”.
2. Pursuant to the Initial Order, the Stay and certain other relief was extended to certain of the Original Petitioners’ partnerships (collectively with the Original Petitioners, “**Old Walter Canada**”):
  - i) Walter Canadian Coal Partnership;
  - ii) Wolverine Coal Partnership;
  - iii) Brule Coal Partnership; and
  - iv) Willow Creek Coal Partnership.
3. On December 28, 2016, pursuant to orders of this Honourable Court which were granted on December 7, 2016 and December 21, 2016, as well as bankruptcy and proposal proceedings which were initiated by Old Walter Canada under the *Bankruptcy and Insolvency Act* during December 2016, the CCAA Proceedings in respect of all of the Old Walter Canada entities, except for Cambrian, were terminated and the CCAA Proceedings were continued with respect to Cambrian and the following new entities which were formed and became petitioners in the CCAA Proceedings on December 8, 2016 (the “**New Walter Entities**” which, collectively with Cambrian, are referred to herein as “**Walter Canada**”):
  - i) New Walter Energy Canada Holdings, Inc.;
  - ii) New Walter Canadian Coal Corp.;
  - iii) New Brule Coal Corp.;

- iv) New Willow Creek Coal Corp.; and
  - v) New Wolverine Coal Corp. (“**New Wolverine**”)
4. The Monitor has issued twenty-one previous reports (and supplements to certain of those reports) since the Initial Order was granted, and those reports are referred to herein, collectively, as the “**Previous Reports**”. Terms not specifically defined herein shall have the meanings as defined in the Previous Reports, the Claims Process Order or the Plan (as subsequently defined).
  5. The Monitor maintains a website at [www.kpmg.com/ca/walterenergycanada](http://www.kpmg.com/ca/walterenergycanada) on which copies of the Previous Reports (with the exception of those which are confidential pursuant to certain sealing orders granted by this Honourable Court) as well as additional information regarding these CCAA Proceedings can be found.
  6. On July 3, 2018, this Honourable Court granted an Order which sanctioned and approved Walter Canada’s Amended and Restated Plan of Compromise and Arrangement dated June 22, 2018 (the, “**Plan**”) pursuant to the provisions of the CCAA.
  7. The Monitor filed its Twenty-First Report (the “**Twenty-First Report**”) on February 20, 2019, in which the Monitor, among other things, provided information regarding the status of efforts to satisfy the conditions precedent to Plan implementation, the efforts undertaken to wind up Energybuild Holdings Limited (“**Energybuild Holdings**”), Energybuild Group Limited and Energybuild Opencast Ltd. (collectively, the “**Remaining UK Entities**”), the progress made in the adjudication of the Claim of Mr. Kevin James (the “**James Claim**”), the results of the actual cash flow against forecast and presented an updated cash flow forecast.
  8. On February 25, 2019, this Honourable Court granted an Order which, among other things, extended the Stay to May 6, 2019.
  9. The purpose of this Twenty-Second Report of the Monitor is to provide this Honourable Court, and Walter Canada’s stakeholders, with information with respect to the following:
    - a) The implementation of the Plan and the subsequent distributions to certain creditors of Walter Canada;
    - b) Walter Canada’s actual cash flow results for the 11-week period ended April 27,

2019, as compared to the forecast for the 13-week period ending May 11, 2019 (the “**Previous CCAA Cash Flow Forecast**”), which was filed with the Twenty-First Report;

- c) Walter Canada’s updated cash flow forecast for the 14-week period ending August 3, 2019 (the “**Updated CCAA Cash Flow Forecast**”);
- d) A discussion in respect of certain other matters, including an update on the orderly wind up of the Remaining UK Entities as well as the status of the litigation of the James Claim; and
- e) The Monitor’s observations and recommendations in respect of Walter Canada’s motion returnable May 1, 2019 seeking an Order extending the Stay to July 31, 2019 (the “**Extended Stay Period**”).

## REPORT RESTRICTIONS AND SCOPE LIMITATIONS

10. In preparing this report and making the comments herein, the Monitor has been provided with, and has relied upon, unaudited financial information, books and records and financial information prepared by Old Walter Canada, Walter Canada and/or certain of their respective affiliates, discussions with counsel for Walter Canada, and management and the CRO (collectively, “**Management**”) and information from other public third-party sources (collectively, the “**Information**”). Except as described in this report in respect of the Previous CCAA Cash Flow Forecast and the Updated CCAA Cash Flow Forecast:
- a) The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards pursuant to the *Chartered Professional Accountants Canada Handbook* and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of the Information; and
  - b) Some of the information referred to in this report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the *Chartered Professional Accountants Canada Handbook*, has not been performed.
11. Future oriented financial information referred to in this report was prepared based on Management’s estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be material.
12. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

## PLAN IMPLEMENTATION

### *Events Leading to Plan Implementation*

13. As discussed in the Twenty-First Report, the implementation of the Plan rested primarily on the satisfaction of the condition precedent concerning the receipt, by the Monitor, of a letter (the “**CRA Letter**”) from the Minister of National Revenue (Canada) (the “**CRA**”), satisfactory to the Monitor, confirming that the Monitor may distribute the property of Walter Canada without any personal liability.
14. The Plan also contains a condition precedent requiring the implementation of the Plan prior to April 3, 2019 (the “**Outside Date**”), or such later date as may be agreed by Walter Canada, the Monitor and Warrior Met Coal LLC (“**Warrior**”).
15. As discussed in the Twenty-First Report, on January 17, 2019, the Monitor provided a draft of the CRA Letter to the CRA for its review and consideration and was subsequently advised by the CRA that it would consider the CRA Letter in conjunction with the CRA’s desire to have the Monitor withhold remittances for income taxes, Canada Pension Plan (“**CPP**”) and employment insurance (“**EI**”) on distributions to former employees of Walter Canada. As of the date of the Twenty-First Report, the CRA had suggested that it would calculate and provide the amounts for the Monitor to deduct from each former employee’s distribution and was assessing its ability to do so.
16. Following the issuance of the Twenty-First Report, the Monitor was advised by the CRA that, in order to provide the CRA Letter, the CRA would require the Monitor to withhold and remit income taxes, CPP and EI on both the trust distribution to former employees in 2017 (the “**2017 Distribution**”) and the proposed distribution to former employees pursuant to the Plan (the “**2019 Distribution**”).
17. On February 27, 2019, the Monitor met with two representatives from the CRA’s Trust Accounts Examination office to discuss the CRA’s request to have the Monitor calculate and remit the employee and employer portions of EI and CPP, as well as any income tax deductions relating to the 2017 Distribution and the 2019 Distribution. At the meeting, the Monitor was advised that the Monitor would be responsible for calculating the EI, CPP and income tax withholdings for the 2019 Distribution but that the CRA would provide the



respective amounts owing for the 2017 Distribution. The Monitor was also advised by the CRA that it would require the Monitor to electronically file and issue T4s to the former employees of New Wolverine for both the 2019 Distribution and the 2017 Distribution.

18. On March 6, 2019, the Monitor received a letter from the CRA (the “**CRA Direction Letter**”) advising which portions of the former employees’ claims were taxable, insurable and/or pensionable. The following day, the CRA provided the withholding amounts for the 2017 Distribution to the Monitor.
19. Using the CRA Direction Letter as a guide, the Monitor calculated the anticipated withholding amounts for the 2019 Distribution. These calculations were provided to the CRA for review and confirmation on March 14, 2019.
20. Numerous discussions and communications occurred between the Monitor, the Monitor’s counsel, Walter Canada’s counsel and the Department of Justice on behalf of the CRA over the next several weeks where various versions of the CRA Letter were discussed and formulated. It was finally determined that the CRA Letter would be exchanged for two cheques, representing the withholding amounts owing to the CRA for the 2017 Distribution and the 2019 Distribution, respectively, at a meeting between the CRA, the Monitor and the Monitor’s counsel on date to be determined, following the CRA’s confirmation that the T4s had been electronically filed by the Monitor. The Monitor was advised that it could take up to 10 days for the CRA to verify the electronic filing of the T4s.
21. Once the terms of the CRA Letter were agreed to and finalized, the Monitor electronically filed the T4s on April 5, 2019.
22. Given the positive direction of the discussions with the CRA, and as permitted under the Plan, Walter Canada, the Monitor and Warrior agreed initially to extend the Outside Date to April 10 to finalize the CRA Letter and implement the Plan. Given the increased activity at the CRA during this time of year, the T4s took a number of days to post to CRA’s system. As such, the Outside Date was further extended, with the consent of Walter Canada, the Monitor and Warrior, first to April 17, 2019, and then to April 24, 2019.
23. On April 24, 2019, the Monitor and its counsel met with the CRA and exchanged the two cheques for the CRA Letter. Following the meeting with CRA and confirmation from

Walter Canada that the conditions precedent to the Plan had been satisfied, pursuant to the terms of Plan, the Monitor delivered the Monitor's Certificate to Walter Canada and the Plan was implemented. The Monitor's Certificate was filed with the Court on April 25, 2019, and is attached as Schedule B to this report.

*Distributions Pursuant to the Plan*

24. As of the Plan Implementation Date, there was approximately \$61.8 million available for distribution, net of the required payment of the employer portions of EI and CPP on the 2017 Distribution and 2019 Distribution. Pursuant to the terms of the Plan, the following reserves and cash pools were established upon Plan implementation:
  - a) The Administrative Costs Reserve in the amount of \$1.25 million;
  - b) The Insurance Reserve in the amount of \$275,000;
  - c) The Wind-down Reserve in the amount of \$3 million;
  - d) The Unresolved Claims Reserve in the amount of \$6.75 million;
  - e) The Affected Creditors' Distribution Cash Pool in the amount of \$24.5 million;  
and
  - f) The Deemed Interest Claim Distribution Cash Pool in the amount of \$26 million.
25. Pursuant to the terms of the Plan, the Administrative Costs Reserve, the Insurance Reserve, the Wind-Down Reserve and the Unresolved Claims Reserve were funded by monies held on account of New Walter Energy Canada Holdings, Inc. ("**New WECH**"), while each of the Walter Canada entities, except for New Wolverine, funded the Affected Creditors' Distribution Cash Pool in an amount equal to their respective third-party and employee claims plus the USW Settlement Amount. The monies held on account of New Wolverine as at the Plan Implementation Date were not sufficient to cover the claims against New Wolverine in full and accordingly, the shortfall was funded by New WECH and New Walter Canadian Coal Corp. pursuant to Schedule A of the Plan. The Deemed Interest Claim Distribution Cash Pool was established out of the cash balance remaining after all other reserves and cash pools had been funded.
26. For a detailed description of the purpose of the various reserves and cash pools, please refer to the Eighteenth Report of the Monitor.

27. The Affected Creditors' Distribution Cash Pool includes amounts owing to former employees of New Wolverine as well as creditors holding Restructuring Claims and Pre-commencement Claims. Upon Plan implementation, a distribution was made to creditors holding proven Restructuring Claims and Pre-commencement Claims totaling \$2.3 million and details supporting the Employee Claims were forwarded to Service Canada on April 24, 2019 to allow the commencement of its review of EI overpayments. The distribution to former employees of New Wolverine cannot occur until Service Canada has completed its review of EI overpayments. At this time, the Monitor does not have any indication on the timing of an ultimate distribution in respect of Employee Claims.
28. The initial balance of the Deemed Interest Claim Distribution Cash Pool will be paid to Warrior during the first week of May 2019. Out of this balance, \$13 million will be directed to the United Mine Workers of America 1974 Pension Plan and Trust (the "**1974 Pension Plan**") pursuant to the terms of the settlement among Walter Canada, Warrior and the 1974 Pension Plan (the "**Settlement Term Sheet**").
29. The Administrative Costs Reserve, the Insurance Reserve, the Wind-Down Reserve and the Unresolved Claims Reserve will continue to be held by the Monitor until such time as the amounts subject to those reserves have been settled and/or paid, following which any excess funds will be paid into the Deemed Interest Claim Distribution Cash Pool and ultimately paid to Warrior.

#### **ACTUAL RECEIPTS AND DISBURSEMENTS COMPARED TO FORECAST**

30. Walter Canada's actual cash receipts and disbursements for the 11-week period ended April 27, 2019 (the "**Reporting Period**"), as compared with the Previous CCAA Cash Flow Forecast, are summarized in the table below:

<b>Walter Canada Summary of Actual versus Forecast Cash Flow</b>			
<b>For the 11-Week Period from February 10, 2019 to April 27, 2019<sup>(1)</sup></b>			
<b>Prepared on a Consolidated Basis</b>			
<b>Unaudited (CAD \$000)</b>	<b>Actual</b>	<b>Forecast</b>	<b>Variance</b>
<b>Cash Inflow</b>			
Other Receipts	337	30	307
<b>Total Cash Inflow</b>	<b>337</b>	<b>30</b>	<b>307</b>
<b>Cash Outflow - Operating Disbursements</b>			
Director's Fees	(23)	(23)	-
Other	(1)	(3)	2
<b>Total Cash Outflows - Operating Disbursements</b>	<b>(24)</b>	<b>(26)</b>	<b>2</b>
<b>Cash Outflow - Non-Operating Disbursements</b>			
CRO and Restructuring Advisor Fees	(792)	(413)	(379)
Employer Portion of CRA Withholdings	(563)	-	(563)
Distribution to Creditors	(4,919)	-	(4,919)
<b>Total Cash Outflows - Non-Operating Disbursements</b>	<b>(6,274)</b>	<b>(413)</b>	<b>(5,861)</b>
<b>Net Cash Flow</b>	<b>(5,961)</b>	<b>(409)</b>	<b>(5,552)</b>
<b>Cash, beginning of period (February 10, 2019)<sup>2</sup></b>	<b>62,589</b>	<b>62,589</b>	<b>-</b>
<b>Effect of Foreign Exchange translation</b>	<b>224</b>	<b>-</b>	<b>224</b>
<b>Cash, end of period (April 27, 2019)<sup>2,3</sup></b>	<b>56,852</b>	<b>62,180</b>	<b>(5,328)</b>
<b>Notes:</b>			
1. Readers are cautioned to read the "Report Restrictions and Scope Limitations" section of this			
2. The cash position noted above excludes approximately US\$270,000 that was received upon closing of Walter Canada's previous account network at the Bank of Nova Scotia. This amount is expected to be remitted to the trustee in the US bankruptcy proceedings of Walter Canada's US parent shortly.			
3. The ending cash position excludes £557,869 which is being held by the Monitor on behalf of Energybuild Holdings, representing the balance of the proceeds from the Energybuild Sale.			

31. During the Reporting Period, there was an \$5.6 million net unfavourable cash flow variance, primarily as a result of payments to Walter Canada's creditors and the CRA, consisting of the following:
- a) \$3.1 million to the CRA, including \$2.5 million and \$0.6 million in respect of the employee and employer portions of CPP, EI and income tax, respectively;
  - b) \$75,000 to the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, Local 1-424 (the "USW") in respect of amounts owing to the USW pursuant to the Settlement Term Sheet; and

- c) \$2.3 million to creditors holding Restructuring and Pre-Commencement Claims.
32. Of the \$379,000 unfavourable variance of CRO and Restructuring Advisor fees, approximately \$259,000 of this variance is an expected timing difference as a result of the payment of certain March and April professional fee invoices prior to what was contemplated in the Previous Cash Flow Forecast. These timing differences are expected to reverse in the subsequent period. The remaining variance of approximately \$120,000 is expected to be a permanent difference as actual professional fees were higher than anticipated during the Reporting Period due to the numerous discussions and requests made by the CRA on matters related to obtaining the CRA Letter as well as increased activity relating to the James Claim.
33. The \$307,000 favorable variance in Other Receipts arose as a result of higher than anticipated interest rates on short-term deposits and the early redemption of long-term deposits which were redeemed in order to fund the reserves and cash pools upon Plan implementation.
34. As at the end of the Reporting Period, the Monitor was holding £557,869 on behalf of Energybuild Holdings. The Monitor advises that during the Reporting Period it made three payments on behalf of Energybuild Holdings for professional fees in the amount of £40,518 in respect of work completed by its legal, insolvency and accounting and tax advisors. As Energybuild Holdings is not a petitioner in the CCAA Proceedings, its receipts, disbursements and cash balances are not included in the above table or in Walter Canada's forecasts.

#### **UPDATED CCAA CASH FLOW FORECAST**

35. The Updated CCAA Cash Flow Forecast has been prepared by Walter Canada, with the assistance of the Monitor, on a consolidated basis for the 14-week period ending August 3, 2019 (the "**Updated Cash Flow Period**") to cover the period through the requested extension of the Stay. A copy of the Updated CCAA Cash Flow Forecast is attached hereto as Schedule "A" and is summarized in the table below:

<b>Walter Canada Summary of the Updated CCAA Cash Flow Forecast For the 14-Week Period from April 28, 2019 to August 3, 2019<sup>(1)</sup> Prepared on a Consolidated Basis Unaudited (CAD \$000)</b>	
<b>Cash Inflow</b>	
Other Receipts	116
<b>Total Cash Inflow</b>	<b>116</b>
<b>Cash Outflow - Operating Disbursements</b>	
Director's Fees	(44)
<b>Total Cash Outflows - Operating Disbursements</b>	<b>(44)</b>
<b>Cash Outflow - Non-Operating Disbursements</b>	
CRO and Restructuring Advisor Fees	(649)
Distribution to Warrior	(35,796)
<b>Total Cash Outflows - Non-Operating Disbursements</b>	<b>(36,445)</b>
<b>Net Cash Flow</b>	<b>(36,373)</b>
<b>Cash, beginning of period (April 28, 2019)</b>	<b>56,852</b>
<b>Cash, end of period (August 3, 2019)</b>	<b>20,479</b>
<b>Note 1:</b> Readers are cautioned to read the "Report Restrictions and Scope Limitations" section of this report.	

36. Net cash outflows during the Updated Cash Flow Period are expected to total approximately \$36.4 million which Walter Canada will fund from its current cash resources on hand, and Walter Canada expects to have approximately \$20.5 million of cash resources remaining at the end of the Updated Cash Flow Period.
37. The following is a summary of the components of the Updated CCAA Cash Flow Forecast:
- a) Other Receipts of \$116,000 consists of interest expected to be earned on Walter Canada's cash holdings;
  - b) Director's fees totalling \$44,000 relate to four payments to Walter Canada's sole director and are due in advance on the first of each month;
  - c) Payments to Walter Canada's counsel, the Monitor and its counsel, and the CRO are expected to total \$649,000 during the Updated Cash Flow Period. Forecasted professional fee costs relate to engaging with the CRA to obtain the CRA Letter; performing the distribution to creditors; dealing with Service Canada; winding up the Remaining UK Entities and resolving the James Claim.
  - d) Distributions to Warrior are expected to total approximately \$35.8 million,

consisting of the following:

- \$22.8 million to Warrior, including \$9.9 million in respect of its Shared Services Claim from the Affected Creditors' Distribution Cash Pool and \$12.9 million from the Deemed Interest Claim Distribution Cash Pool in respect of its Deemed Interest Claim; and
  - \$13 million to the 1974 Pension Plan pursuant to the Settlement Term Sheet.
- e) Note that a distribution to the former employees of New Wolverine is not contemplated in the forecast as it is dependent on the timing of the completion of Service Canada's review for employment insurance overpayments.
38. As discussed in the Previous Reports, approximately US\$270,000 (the "**BNS Funds**") is expected to be remitted to the WEI Trustee shortly in accordance with the terms of a settlement agreement between the WEI Trustee and Warrior that was approved by the United States Bankruptcy Court for the Northern District of Alabama in November 2017.
39. The Updated CCAA Cash Flow Forecast indicates that Walter Canada has the necessary liquidity to fund its expected cash requirements through the requested extension of the Stay.

## **OTHER MATTERS**

40. Further to the discussion in the Twenty-First Report, Walter Canada's legal counsel and its CRO have been working with a number of professionals in the UK (including tax, insolvency and legal advisors; collectively the "**UK Advisors**") to implement a plan to perform an orderly wind-up of the Remaining UK Entities.
41. It is expected that the dissolution of Energybuild Opencast Limited will occur shortly while the voluntary liquidations of Energybuild Group Limited and Energybuild Holdings will be commenced upon the completion of a write down of intercompany debt to account for further professional fees incurred. Once this figure is finalized, the liquidation process is estimated to take six to nine months but is dependent on the receipt of formal tax clearance from Her Majesty's Revenue and Customs.
42. With respect to the adjudication of the James Claim, the only remaining Unresolved Claim, the Monitor understands that counsel for Walter Canada and counsel for Mr. James have made progress with respect to an agreed statement of facts which they expect to conclude

shortly. Walter Canada and counsel for Mr. James expect to follow the schedule as approved by this Honourable Court on February 25, 2019, with written arguments being filed by counsel of Mr. James and Walter Canada by May 14, 2019 and May 28, 2019, respectively. The Monitor is advised that discussions also continue between the parties on the bifurcation of the process to separate the question of whether Mr. James is entitled to any royalties and what the value is of the royalties.

43. It is the Monitor's view that Walter Canada is working diligently to bring resolution to the James Claim.

#### **THE MONITOR'S CONCLUDING OBSERVATIONS AND RECOMMENDATIONS**

44. In the Monitor's opinion, Walter Canada is continuing to act in good faith and with due diligence in furthering its restructuring efforts, including performing the distributions pursuant to the Plan, winding-up the Remaining UK Entities and resolving the James Claim.
45. Accordingly, the Monitor is of the view that it would be reasonable for this Honourable Court to grant Walter Canada's request for an Order extending the Stay to July 31, 2019 to further advance the liquidation of the Remaining UK Entities, resolve the James Claim during the Extended Stay Period and allow the Monitor to deal with Service Canada.

All of which is respectfully submitted this 29<sup>th</sup> day of April, 2019.

**KPMG INC., in its sole capacity as  
Monitor of New Walter Energy Canada Holdings, Inc. et al**



Per: Anamika Gadia  
*Senior Vice President*



Mike Clark  
*Vice President*



**Schedule “A”**

**Updated CCAA Cash Flow Forecast  
for the 14-Week Period Ending August 3, 2019**

New Walter Energy Canada Holdings, Inc. et al.

Updated CCAA Cash Flow Forecast for the 14-Week Period Ending August 3, 2019<sup>(1)</sup>

<i>(in CAD \$000's)</i>																
<i>Foreign Exchange Rate Assumptions: USD/CAD 1.34 and GBP/CAD 1.71</i>																
<b>Week No.</b>		1	2	3	4	5	6	7	8	9	10	11	12	13	14	14-Week Total
<b>Week Ending</b>	<b>Notes</b>	5/4/19	5/11/19	5/18/19	5/25/19	6/1/19	6/8/19	6/15/19	6/22/19	6/29/19	7/6/19	7/13/19	7/20/19	7/27/19	8/3/19	
<b>OPERATING CASH FLOW</b>																
<b>Operating Receipts</b>																
Other Receipts	2	15	-	-	-	31	-	-	-	31	-	-	-	-	39	116
<b>Total Operating Receipts</b>		<b>15</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39</b>	<b>116</b>
<b>Operating Disbursements</b>																
Director's Fees	3	(11)	-	-	-	-	(11)	-	-	-	(11)	-	-	-	(11)	(44)
<b>Total Operating Disbursements</b>		<b>(11)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11)</b>	<b>(44)</b>
<b>Non-Operating Disbursements</b>																
CRO and Restructuring Advisor Fees	4	(76)	-	-	-	(176)	-	-	-	(206)	-	-	-	-	(191)	(649)
Distribution to Warrior	5	(35,796)	-	-	-	-	-	-	-	-	-	-	-	-	-	(35,796)
<b>Total Non-Operating Disbursements</b>		<b>(35,872)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(176)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(206)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(191)</b>	<b>(36,445)</b>
<b>TOTAL NET CASH FLOW</b>		<b>(35,868)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(145)</b>	<b>(11)</b>	<b>-</b>	<b>-</b>	<b>(175)</b>	<b>(11)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(163)</b>	<b>(36,373)</b>
<b>BEGINNING CASH (FX Effected)</b>		<b>56,852</b>	<b>20,984</b>	<b>20,984</b>	<b>20,984</b>	<b>20,984</b>	<b>20,839</b>	<b>20,828</b>	<b>20,828</b>	<b>20,828</b>	<b>20,653</b>	<b>20,642</b>	<b>20,642</b>	<b>20,642</b>	<b>20,642</b>	<b>56,852</b>
Net Cash Flow		(35,868)	-	-	-	(145)	(11)	-	-	(175)	(11)	-	-	-	(163)	(36,373)
<b>ENDING CASH (FX Effected)</b>		<b>20,984</b>	<b>20,984</b>	<b>20,984</b>	<b>20,984</b>	<b>20,839</b>	<b>20,828</b>	<b>20,828</b>	<b>20,828</b>	<b>20,653</b>	<b>20,642</b>	<b>20,642</b>	<b>20,642</b>	<b>20,642</b>	<b>20,479</b>	<b>20,479</b>

UNAUDITED CASH FLOW FORECAST PREPARED BY MANAGEMENT, MUST BE READ IN CONJUNCTION WITH THE NOTES AND ASSUMPTIONS

## **New Walter Energy Canada Holdings, Inc. et al (“Walter Canada”)**

### **Notes to the Unaudited Updated CCAA Cash Flow Forecast for the 14-Week Period Ending August 3, 2019**

Unless otherwise noted, the Updated CCAA Cash Flow Forecast is presented in Canadian Dollars using an exchange rate of US\$1.00/CDN\$1.34 for conversion of any U.S. Dollar amounts and an exchange rate of GBP£1.00/CDN\$1.74 for conversion of any British Pound amounts.

#### **1. Purpose**

The Updated CCAA Cash Flow Forecast has been prepared solely for the purpose of reflecting Management’s best estimate of the cash flow of Walter Canada during its CCAA proceedings, and readers are cautioned that it may not be appropriate for other purposes.

The Updated CCAA Cash Flow Forecast does not contemplate any distributions to the former employees of Walter Canada as the timing for doing so is subject to the completion of Service Canada’s review regarding employment insurance overpayments, which may not occur prior to the end of the forecast period.

#### *Receipts*

#### **2. Other Receipts**

Amounts forecast include approximately \$116,000 of interest income which is expected to be earned on various short-term investments during the forecast period.

An additional potential refund of pre-2017 GST/HST claims in the approximate amount of \$607,000 has not been included in the Updated CCAA Cash Flow Forecast as Canada Revenue Agency has advised that it is being withheld and has not provided a date for its release.

#### *Operating Disbursements*

#### **3. Director’s Fees**

Fees include monthly compensation costs for Walter Canada’s sole director over the course of the forecast period.

#### *Non-Operating Disbursements*

#### **4. CRO and Restructuring Advisor Fees**

Forecast disbursements for professional fees specific to Walter Canada’s restructuring efforts, including the fees and disbursements of Walter Canada’s counsel, the Monitor and its counsel and the Chief Restructuring Officer. The Chief Restructuring Officer, BlueTree Advisors Inc., has voluntarily reduced its monthly fee to USD \$50,000 from USD \$75,000 plus HST in both cases. This represents a reduction of \$151,000 during the forecast period.

Anticipated activities in respect of these fees during the forecast period include preparing materials for and attendance at the May 1, 2019 Court hearing, engaging with Canada Revenue Agency to obtain the CRA Letter and other activities relating to the implementation and

performance of the Plan, resolving the disputed Claim of Kevin James and taking further steps to wind-up the remaining Walter UK entities.

**5. Distribution to Warrior**

Distributions to Creditors are expected to total approximately \$35.8 million, consisting of \$22.8 million to Warrior, including \$9.9 million in respect of its Shared Services Claim from the Affected Creditors' Distribution Cash Pool and \$12.9 million from the Deemed Interest Claim Distribution Cash Pool in respect of its Deemed Interest Claim, and \$13 million to the 1974 Pension Plan pursuant to the Settlement Term Sheet.

**Schedule “B”**

**Filed Monitor’s Certificate: Plan Sanction**



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 CCAA 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**

**MONITOR'S CERTIFICATE: PLAN SANCTION**

**RECITALS**

1. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Petitioners' Amended and Restated CCAA Plan of Compromise and Arrangement dated June 22, 2018 ("**CCAA Plan**"), a copy of which is attached as Schedule "B" to the Order of the Court made in these proceedings on the 3<sup>rd</sup> day of July, 2018 (the "**Order**"), as such CCAA Plan may be amended, varied or supplemented from time to time in accordance with the terms thereof, the CCAA or an Order of the Court.
2. Pursuant to paragraph 11 of the Order, KPMG Inc. in its capacity as Monitor hereby delivers to the Petitioners this certificate to certify that (a) the Petitioners have advised the Monitor that the conditions set out in Section 10.3(c)(i) have been satisfied and that all other conditions set out in Section 10.3 of the CCAA Plan have been satisfied or waived and (b) the Plan Implementation Date hereby occurs as of the date hereof.

DATED at the City of Vancouver, in the Province of British Columbia, this 24<sup>th</sup> day of April, 2019.

**KPMG INC., in its capacity as Monitor of  
the Petitioners**

By:

\_\_\_\_\_  
Name: Anamika Gadia  
Title: Senior Vice President



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 CCAA 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**

**MONITOR'S CERTIFICATE: PLAN SANCTION**

**RECITALS**

1. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Petitioners' Amended and Restated CCAA Plan of Compromise and Arrangement dated June 22, 2018 ("**CCAA Plan**"), a copy of which is attached as Schedule "B" to the Order of the Court made in these proceedings on the 3<sup>rd</sup> day of July, 2018 (the "**Order**"), as such CCAA Plan may be amended, varied or supplemented from time to time in accordance with the terms thereof, the CCAA or an Order of the Court.
2. Pursuant to paragraph 11 of the Order, KPMG Inc. in its capacity as Monitor hereby delivers to the Petitioners this certificate to certify that (a) the Petitioners have advised the Monitor that the conditions set out in Section 10.3(c)(i) have been satisfied and that all other conditions set out in Section 10.3 of the CCAA Plan have been satisfied or waived and (b) the Plan Implementation Date hereby occurs as of the date hereof.

DATED at the City of Vancouver, in the Province of British Columbia; this 24<sup>th</sup> day of April, 2019.

**KPMG INC., in its capacity as Monitor of  
the Petitioners**

By:

---

Name: Anamika Gadia  
Title: Senior Vice President



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 CCAA 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

**MONITOR'S CERTIFICATE: PLAN SANCTION**

**RECITALS**

1. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Petitioners' Amended and Restated CCAA Plan of Compromise and Arrangement dated June 22, 2018 ("**CCAA Plan**"), a copy of which is attached as Schedule "B" to the Order of the Court made in these proceedings on the 3<sup>rd</sup> day of July, 2018 (the "**Order**"), as such CCAA Plan may be amended, varied or supplemented from time to time in accordance with the terms thereof, the CCAA or an Order of the Court.
2. Pursuant to paragraph 11 of the Order, KPMG Inc. in its capacity as Monitor hereby delivers to the Petitioners this certificate to certify that (a) the Petitioners have advised the Monitor that the conditions set out in Section 10.3(c)(i) have been satisfied and that all other conditions set out in Section 10.3 of the CCAA Plan have been satisfied or waived and (b) the Plan Implementation Date hereby occurs as of the date hereof.

DATED at the City of Vancouver, in the Province of British Columbia, this 24<sup>th</sup> day of April, 2019.

**KPMG INC., in its capacity as Monitor of  
the Petitioners**

By:

---

Name: Anamika Gadia  
Title: Senior Vice President