



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 WALTER ENERGY CANADA HOLDINGS, INC., AND THE OTHER PETITIONERS
LISTED ON SCHEDULE "A"

PETITIONERS

ORDER MADE AFTER APPLICATION

BEFORE THE HONOURABLE
MADAM JUSTICE FITZPATRICK

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)
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TUESDAY, THE 5TH DAY OF
JANUARY, 2016

THE APPLICATION of the Petitioners coming on for hearing at Vancouver, British Columbia, on the 5th day of January, 2016 (the "**Order Date**"); AND ON HEARING Mary I.A. Buttery, Tijana Gavric, Marc Wasserman and Joshua Hurwitz, counsel for the Petitioners and the Partnerships listed on **Schedule "A"** hereto (collectively, the "**Walter Canada Group**"), Peter Reardon, counsel for KPMG Inc. and those other counsel listed on **Schedule "B"** hereto; AND UPON READING the material filed, including the Second Affidavit of William G. Harvey sworn December 31, 2015 (the "**Second Affidavit**"), the Confidential Third Affidavit of William G. Harvey sworn December 31, 2015 (the "**Third Affidavit**") and the First Report of the Monitor dated December 31, 2015; AND UPON BEING ADVISED that the secured creditors who are likely to be affected by the charges created herein were given notice; AND pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended (the "**CCAA**"), the British Columbia Supreme Court Civil Rules and the inherent jurisdiction of this Honourable Court;

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.

2. Any capitalized term used and not defined herein shall have the meaning ascribed thereto in the Order of this Honourable Court granted on December 7, 2015 in these CCAA proceedings (the "**Initial Order**").

STAY EXTENSION

3. The Stay Period, as defined in paragraph 18 of the Initial Order, is hereby further extended up to and including April 5, 2016.

MONITOR'S POWERS

4. In addition to the Monitor's powers granted in the Initial Order, the Monitor is authorized but not directed to assist the Walter Canada Group with the execution of administrative back office support including, assisting with (but not authorizing) the processing of disbursements and payments authorized to be made by the Walter Canada Group, assisting the Walter Canada Group in preparing and filing tax returns, assisting with communication of Walter Canada Group management's directives to external payroll providers and other back office support functions for which the Walter Canada Group requires administrative assistance.
5. To the extent the Monitor exercises any of these additional powers, the Monitor shall not be in management or control of the Walter Canada Group and shall have the full benefit of all of the protections under the CCAA and contained in the Initial Order, including without limitation, paragraphs 39, 40, 41 and 42 thereof.

FINANCIAL ADVISOR

6. The engagement of PJT Partners LP as financial advisor to the Walter Canada Group (the "**Financial Advisor**") pursuant to an engagement letter dated December 30, 2015 between the Financial Advisor and Walter Energy Canada Holdings, Inc. ("**Walter Energy Canada**") (the "**FA Engagement Letter**") attached as Exhibit "D" to the Second Affidavit is hereby approved. Walter Energy Canada is authorized, nunc pro tunc, to enter into the FA Engagement Letter and is directed to carry out and perform its obligations thereunder (including payment of amounts due to be paid pursuant to the terms of the FA Engagement Letter) and the FA Engagement Letter shall be binding upon the Walter Canada Group.
7. All claims of the Financial Advisor pursuant to the FA Engagement Letter are not claims that may be compromised pursuant to the Plan, any proposal under the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") or any other restructuring and no such Plan, proposal or restructuring shall be approved that does not provide for the payment of all amounts due to the Financial Advisor pursuant to the terms of the FA Engagement Letter.

8. The Financial Advisor, its affiliates, partners, directors, employees, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of either its engagement by Walter Energy Canada as Financial Advisor or any matter referred to in the FA Engagement Letter except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct of the Financial Advisor in performing its obligations under the FA Engagement Letter.

APPOINTMENT OF CHIEF RESTRUCTURING OFFICER

9. A chief restructuring officer shall be appointed on the following terms:

(a) the agreement dated as of December 30, 2015, ^{as amended,} pursuant to which Walter Energy Canada has engaged BlueTree Advisors Inc. ("**BlueTree**") to provide the services of William E. Aziz to act as chief restructuring officer to the Walter Canada Group (the "**CRO**"), a copy of which ~~is attached~~ ^{will be provided to the Monitor} as ~~Exhibit "E" to the Second Affidavit~~ (the "**CRO Engagement Letter**"), and the appointment of the CRO pursuant to the terms thereof is hereby approved, including, without limitation, the payment of the fees and expenses contemplated thereby;

(b) the CRO shall be responsible for directing the SISP (as defined below) for the benefit of all the members of the Walter Canada Group, reporting to the Court concerning the SISP and otherwise performing the functions set out in the CRO Engagement Letter. The CRO shall provide timely updates to the Monitor in respect of his activities.

(c) the CRO shall not be or be deemed to be a director, de facto director, or employee of any entity in the Walter Canada Group;

(d) nothing in this Order shall be construed as resulting in BlueTree or the CRO being an employer, successor employer, a responsible person, operator or person with apparent authority within the meaning of any statute, regulation or rule of law, or equity (including any Environmental Legislation) for any purpose whatsoever;

(e) neither BlueTree nor the CRO shall, as a result of the performance of their respective obligations and duties in accordance with the terms of the CRO Engagement Letter, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation; provided however, if BlueTree or the CRO is nevertheless later found to be in Possession of any Property, then BlueTree or the CRO, as the case may be, shall be entitled to the benefits and protections in relation to the Walter Canada Group and such Property as are provided to a monitor under section 11.8(3) of the CCAA; provided further however, that nothing in this sub-

paragraph shall exempt BlueTree or the CRO from any duty to report or make disclosure imposed by a law and incorporated by reference in section 11.8(4) of the CCAA;

(f) BlueTree and the CRO shall not have any liability with respect to any losses, claims, damages or liabilities, of any nature or kind, to any Person from and after the date of this Order except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct on the part of BlueTree or the CRO, provided further that in no event shall the liability of BlueTree or the CRO exceed the quantum of the fees paid to BlueTree and the CRO. Notwithstanding the foregoing, neither BlueTree nor the CRO shall have any liability with respect to any losses, claims, damages or liabilities, of any nature or kind, arising prior to the appointment of the CRO;

(g) no action or other proceeding shall be commenced directly, or by way of counterclaim, third party claim or otherwise, against or in respect of BlueTree or the CRO, and all rights and remedies of any Person against or in respect of them are hereby stayed and suspended, except with the written consent of the CRO or with leave of this Court on notice to the Walter Canada Group, the Monitor and the CRO, provided, however, that nothing in this order, including this paragraph 9(g) shall affect such investigations, actions, suits or proceedings by a regulatory body that are permitted by section 11.1 of the CCAA. Notice of any such motion seeking leave of this Court shall be served upon the Walter Canada Group, the Monitor and the CRO at least seven (7) days prior to the return date of any such motion for leave;

(h) the obligations of Walter Energy Canada to BlueTree and the CRO pursuant to the CRO Engagement Letter, are not claims that may be compromised pursuant to the Plan, any proposal under the BIA or any other restructuring and no such Plan, proposal or restructuring shall be approved that does not provide for the payment of all amounts due to BlueTree and the CRO pursuant to the terms of the CRO Engagement Letter;

(i) if, but for the orders in the preceding subparagraphs of this paragraph 9, BlueTree or the CRO would have liability with respect to any losses, claims, damages or liabilities to Her Majesty the Queen in right of the Province of British Columbia or would have incurred an obligation under any enactment of British Columbia or Canada (including any Environmental Legislation), such liability or obligation shall be deemed to be a liability or obligation of the Walter Canada Group; and

(j) the CRO shall be authorized but not directed to conduct a financial review (not an audit) of, Energybuild Group Limited, Energybuild Holdings Ltd., Energybuild Opencast Ltd., Energybuild Mining Ltd., Energybuild Ltd., Mineral Extraction and Handling Ltd. (collectively, the "**Walter U.K. Group**"), to develop a view on options for the Walter U.K. Group, including, the

potential restructuring, sale or wind down and liquidation of the Walter U.K. Group. For the purposes of carrying out any such review, the CRO (a) shall have full and complete access to the property of the Walter U.K. Group, including the premises, books, records, data (including data in electronic format) and other financial documents of the Walter U.K. Group, (b) is hereby authorized to meet with any employee, director, representative or agent of the Walter U.K. Group, and (c) shall be authorized to retain such assistants (including the Monitor's U.K. affiliates) as it deems necessary in connection therewith. The employees, directors, representatives and agents of the Walter U.K. Group are hereby directed to fully cooperate with the CRO in connection with any such assessments.

FINANCIAL ADVISOR AND CRO SUCCESS FEE CHARGE

10. The Financial Advisor and the CRO are hereby granted a charge (the "**Success Fee Charge**") in the maximum amount of \$10,000,000 over the Property, which charge shall be security solely for (a) with respect to the Financial Advisor, the Capital Raising Fee and the Transaction Fee (each as defined in the FA Engagement Letter) due to be paid to the Financial Advisor pursuant to the terms of the FA Engagement Letter (collectively, the "**FA Success Fee**"); and (b) with respect to the CRO, the Success Fee (as defined in the CRO Engagement Letter) due to be paid to the CRO pursuant to the terms of the CRO Engagement Letter, (collectively, the "**CRO Success Fee**", and together with the FA Success Fee, the "**Advisor Success Fees**"). For greater certainty, the Success Fee Charge shall not secure any other fees or indemnity obligations incurred pursuant to the FA Engagement Letter or the CRO Engagement Letter.
11. The Success Fee Charge shall have the priority as is set out in paragraphs 21 and 23 herein.
12. Both the Financial Advisor and the CRO shall be entitled to the benefit of the Administration Charge as security for, (a) with respect to the Financial Advisor, the Monthly Fee (as defined in the FA Engagement Letter) and (b) with respect to the CRO, the Work Fee (as defined in the CRO Engagement Letter) and in each case for the Financial Advisor's and the CRO's other professional fees and disbursements incurred under the applicable engagement letter. For greater certainty, the Administration Charge shall not secure any indemnity obligations incurred pursuant to the FA Engagement Letter or the CRO Engagement Letter.
13. The CRO and the Financial Advisor shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Petitioners as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the CRO and the Financial Advisor on a monthly basis, or on such basis as otherwise agreed by the Petitioners and the applicable payee.

APPROVAL OF SISP

14. The sale and investment solicitation process as described in the form attached hereto as **Schedule "C"** (the "**SISP**"), is hereby approved and the CRO, the Walter Canada Group, the Monitor and the Financial Advisor are authorized and directed to carry out the SISP in accordance with its terms and this Order and are hereby authorized and directed to take such steps as they consider necessary or desirable in carrying out each of their obligations thereunder.
15. The CRO, the Walter Canada Group, the Monitor, or the Financial Advisor may, from time to time, apply to this Honourable Court for advice and directions in the discharge of their powers and duties hereunder.

KEY EMPLOYEE RETENTION PLAN

16. The Key Employee Retention Plan (the "**KERP**") described in the Third Affidavit and the confidential KERP letter attached as Exhibit "A" thereto (the "**Confidential KERP Letter**") are hereby authorized and approved, and the Petitioners are hereby authorized and directed to make the payments contemplated therein. The Third Affidavit and the Confidential KERP Letter shall be sealed, kept confidential and not form part of the public record, but rather shall be placed, separate and apart from all contents in the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order.
17. The beneficiary of the KERP is hereby granted a charge (the "**KERP Charge**") on the Property in such amounts and in such priority as is set out in paragraphs 21 and 23 herein.

CASH COLLATERALIZATION OF LETTERS OF CREDIT

18. The agreement among Bank of Nova Scotia ("**BNS**"), Morgan Stanley Senior Funding, Inc. (the "**Agent**"), Walter Energy Canada and Brule Coal Partnership dated January 4, 2016 (the "**Cash Collateralization Agreement**") and attached as Exhibit "A" to the Second Affidavit including without limitation the payment of any LC Indebtedness (as defined in the Cash Collateralization Agreement) of Walter Energy Group to BNS or the Agent when due under the Cash Collateralization Agreement by way of set off or application of LC Cash Collateral (as defined below) in accordance therewith is hereby approved.
19. The cash collateral (the "**LC Cash Collateral**") provided or to be provided by Brule Coal Partnership to BNS pursuant to paragraph 13 of the Initial Order and the Cash Collateral Agreement in the aggregate amount of \$22,570,404.00 (the "**LC Exposure**") in respect of those certain pre-filing letters of credit issued by the BNS under the 2011 Credit Agreement (as defined

in the First Affidavit) is and shall be deemed to be subject to the security interest in favour of the Agent in the same priority as existed on the date of the Initial Order. The Charges as may attach to the LC Cash Collateral, including by operation of law or otherwise, (i) shall rank junior in priority to the liens, security, charges and security interests currently existing in favour of the Agent in respect of the LC Cash Collateral and (ii) shall attach to the LC Cash Collateral only to the extent of the rights of any member of the Walter Canada Group to the return of any LC Cash Collateral from BNS following (A) the payment, satisfaction or extinguishment of all LC Exposure and (B) the exercise by BNS or the Agent of any rights of set-off in respect of the LC Cash Collateral, in each case notwithstanding anything to the contrary contained herein or in the Initial Order.

INTERCOMPANY CHARGES

20. To the extent that any member of the Walter Canada Group makes any payment or incurs or discharges any obligation with respect to any letter of credit obligation (the "**Protected WC Entity**") on behalf of any other member of the Walter Canada Group (the "**Beneficiary WC Entity**"), each such Protected WC Entity is hereby granted a charge (the "**Intercompany Charge**") on all of the assets of each such Beneficiary WC Entity in the amount of such payment or such obligation up to the maximum amount and in such priority as set out in paragraphs 21 and 23 herein as security for any payments made by each such Protected WC Entity on behalf of each such Beneficiary WC Entity, provided, however, that the Intercompany Charge shall not be enforceable as against the Agent, BNS or any other lender under the 2011 Credit Agreement with respect to any claim of the Agent, BNS or such other lender under the 2011 Credit Agreement (collectively with BNS, the "**Lenders**") until (a) all obligations under the 2011 Credit Agreement and the Security Documents (as defined in the 2011 Credit Agreement) are indefeasibly paid in full in cash and there are no Letters of Credit outstanding thereunder; (b) the Lenders consent, in accordance with the 2011 Credit Agreement, to the enforcement of the Intercompany Charge; or (c) further order of the Court. Any such payments by each such Protected WC Entity on behalf of each such Beneficiary WC Entity shall be recorded and shall be treated as a loan to the applicable Beneficiary WC Entity. Each Beneficiary WC Entity shall not be entitled to set-off any pre-filing amounts owing by any Protected WC Entity to any Beneficiary WC Entity against post-filing amounts owing by any Beneficiary WC Entity to a Protected WC Entity.

VALIDITY AND PRIORITY OF CHARGES

21. The priorities of the Administration Charge, the Directors' Charge, the KERP Charge, the Success Fee Charge and the Intercompany Charge, as among them, shall be as follows, as of this date:

First – Administration Charge (to the maximum amount of \$2,500,000);

Second – Directors' Charge (to the maximum amount of \$2,500,000);

Third – KERP Charge (to the maximum KERP amount contained in the Confidential KERP Letter);

Fourth – Success Fee Charge (to the maximum amount of \$10,000,000 but only in respect of the Advisor Success Fees (which shall be in the maximum amount of \$5,000,000 for the CRO and \$5,000,000 for the Financial Advisor)); and

Fifth – Intercompany Charge (to the maximum amount of \$25,000,000).

22. Any security documentation evidencing, or the filing, registration or perfection of, the Administration Charge, the Directors' Charge, the KERP Charge, the Success Fee Charge, the Intercompany Charge or the Equipment Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be effective as against the Property (or the Purchased Equipment, as applicable) and shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered or perfected subsequent to the Charges coming into existence, notwithstanding any failure to file, register or perfect any such Charges.
23. Each of the Charges shall constitute a mortgage, security interest, assignment by way of security and charge on the Property (or the Purchased Equipment, as applicable) and such Charges shall rank in priority to all other security interests, trusts, liens, mortgages, charges and encumbrances and claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**"), in favour of any Person, other than (a) any person with a properly perfected purchase money security interest under the British Columbia Personal Property Registry or such other applicable provincial legislation; and (b) statutory super-priority deemed trusts and liens for unpaid employee source deductions.
24. Except as otherwise expressly provided herein, or as may be approved by this Court, the Walter Canada Group shall not grant or suffer to exist any Encumbrances over any Property that rank in priority to or *pari passu* with the Charges, unless the Walter Canada Group obtains the prior written consent of the Monitor and the beneficiaries of the Charges.

25. The Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and any declaration of insolvency made in connection therewith; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, mortgage, security agreement, debenture, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Walter Canada Group; and notwithstanding any provision to the contrary in any Agreement:
- (a) the Charges shall not create or be deemed to constitute a breach by the Walter Canada Group of any Agreement to which it is a party;
 - (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and
 - (c) the granting of the Charges, does not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.
26. Any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Walter Canada Group's interest in such real property leases.

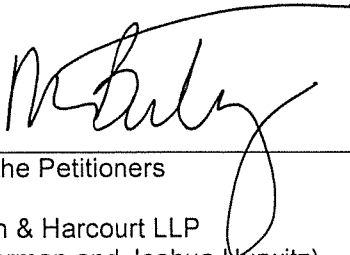
GENERAL

27. THIS COURT REQUESTS the aid and recognition of other Canadian and foreign Courts, tribunal, 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 Walter Canada Group and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Walter Canada Group and the Monitor and their respective agents in carrying out the terms of this Order.
28. Each of the Walter Canada Group and the Monitor be 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 Monitor 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 Walter Canada Group 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.

29. Endorsement of this Order by counsel appearing, other than counsel for the Petitioners, is hereby dispensed with.
30. This Order and all of its provisions are effective as of 12:01 a.m. local Vancouver time on the Order Date.

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 Petitioners

Osler, Hoskin & Harcourt LLP
(Marc Wasserman and Joshua Hurwitz)

and

DLA Piper (Canada) LLP
(Mary I.A. Buttery and Tijana Gavric)



BY THE COURT



REGISTRAR



SCHEDULE "A"

Petitioners

1. Walter Energy Canada Holdings, Inc.
2. Walter Canadian Coal ULC
3. Brule Coal ULC
4. Willow Creek Coal ULC
5. Wolverine Coal ULC
6. Cambrian Energybuild Holdings ULC
7. Pine Valley Coal Ltd.
8. 0541237 B.C. Ltd.

Partnerships

9. Walter Canadian Coal Partnership
10. Brule Coal Partnership
11. Willow Creek Coal Partnership
12. Wolverine Coal Partnership

SCHEDULE "B"

COUNSEL LIST	
NAME	PARTY REPRESENTED
John Sandrelli (in person) Tevia Jeffries (in person) Julia Frost-Davies (by phone)	United Mine Workers of America 1974 Pension Plan and Trust
Matthew Nied	Steering Committee of First Lien Creditors of Walter Energy, Inc.
Aaron Welch	Her Majesty the Queen in right of the Province of British Columbia
Kathryn Esaw (by phone)	Morgan Stanley Senior Funding, Inc. (Canadian counsel)
Elizabeth Feld (by phone)	Morgan Stanley Senior Funding, Inc. (U.S. counsel)
Emmanuel Pressman (by phone)	Petitioners
Wael Rostom (by phone) Caitlin Fell (by phone)	KPMG Inc., Monitor
Neva Beckie	Canada Revenue Agency
William Aziz	proposed Chief Restructuring Officer

Stephanie Drake

United Steelworkers, Local 1-424

SCHEDULE "C"

(see attached)

SALE AND INVESTMENT SOLICITATION PROCESS

INTRODUCTION

1. Walter Energy Canada Holdings, Inc. (“**WECH**”) and its subsidiaries and partnerships listed on Schedule “A” to the Initial Order (as defined below) (collectively, “**Walter Energy Canada**”) are leading producers and exporters of metallurgical coal for the global steel industry, with Canadian mines producing hard coking and PCI coal (the “**Business**”).
2. Walter Energy Canada applied for and was 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 of Walter Energy Canada (the “**Monitor**”) in the CCAA proceedings bearing Court File No. S-1510120 (the “**CCAA Proceedings**”).
3. The purpose of this sale and investment solicitation process (the “**SISP**”) is to seek LOIs and Bids (each as defined below) and to implement one or more Successful Bids (as defined below), the whole as more fully detailed below.
4. Capitalized terms used in this SISP have the meanings given to them herein.

SISP Order

5. On ●, 2016, the Court issued an order (the “**SISP Order**”) which, *inter alia*: (a) approved the appointment of PJT Partners LP as Walter Energy Canada’s financial advisor in the CCAA Proceedings (the “**Financial Advisor**”) to implement the terms of this SISP; (b) approved the appointment of BlueTree Advisors Inc. as the Chief Restructuring Officer (the “**CRO**”) in the CCAA Proceedings to manage and direct the implementation of this SISP and the restructuring; (c) approved a solicitation process pursuant to which the Financial Advisor and the CRO, under the supervision of the Monitor, will solicit offers for a potential Investment Proposal and/or a Sale Proposal (as both terms are defined below) in accordance with the terms of this SISP.
6. Accordingly, this SISP shall govern the solicitation by the Financial Advisor of LOIs and Bids for all or part of the Business and/or Assets (as defined below) and the selection by the CRO, in consultation with the Monitor, of one or more Successful Bids.

Supervision of the SISP

7. The Monitor will oversee, in all respects, the performance and conduct of the SISP by the CRO and the Financial Advisor. Nothing in this SISP is intended to limit the supervisory role of the Monitor. Walter Energy Canada and the Financial Advisor will assist and support the efforts of the CRO as provided for herein. The CRO, in consultation with the Monitor, shall have the authority to select one or more Successful Bids and effect a sale, subject to approval by the Court, of Walter Energy Canada’s Business and/or Assets (or any portion thereof) on behalf of Walter Energy Canada.

8. In the event that there is disagreement or clarification required as to the interpretation or application of this SISP or the responsibilities of the Monitor, the CRO, the Financial Advisor or Walter Energy Canada, the Court will have jurisdiction to hear such matter and provide advice and directories, upon the application of the Monitor or Walter Energy Canada.

Investment Proposal or Sale Proposal

9. A Prospective Bidder (as defined below) may, at the option of such Prospective Bidder, submit an LOI or a Bid involving one or more of the following:
 - (a) A restructuring, recapitalization or other form of reorganization of the Business of Walter Energy Canada as a going concern or a purchase of any or all equity interests held by WECH (collectively, an “**Investment Proposal**”); and/or
 - (b) A purchase of all or substantially all or any portion of the Assets of Walter Energy Canada (a “**Sale Proposal**”). For greater certainty, a Sale Proposal shall not include an offer to auction or liquidate any Assets of Walter Energy Canada provided however that Walter Energy Canada and the Monitor may seek such liquidation offers independently of this SISP.

Assets Subject to Sale

10. With respect to a Sale Proposal, the assets available to be sold include substantially all of the assets, Property (as defined in the Initial Order) and undertakings of Walter Energy Canada, wherever situated (including the Wolverine, Brule, and Willow Creek mines) (the “**Assets**”).
11. Notwithstanding anything else contained herein, at any time after entry of the SISP Order, the CRO, in its reasonable business judgment and in consultation with the Financial Advisor and the Monitor, and upon notice to any Prospective Bidder, may, from time to time, withdraw any Assets from this SISP.

As is, where is

12. Any sale of the Assets or Business will be completed on an “as is, where is” basis and without representations, warranties, covenants or indemnities of any kind, nature, or description by the Financial Advisor, the CRO, Walter Energy Canada, or the Monitor or any of their respective agents, directors, officers, employees, professionals, advisors, or otherwise, except to the extent set forth in the executed definitive sale agreement(s) with the Successful Bidder(s) and any orders of the Court.

Free of Any And All Claims and Interests

13. All of the rights, title and interests of Walter Energy Canada in and to the Assets, or any portion thereof, to be acquired will be sold free and clear of all security, charges, pledges, liens, encumbrances, claims or other restrictions thereon and there against including for greater certainty any charges or encumbrances created by the Initial Order or subsequent orders of the Court in the CCAA Proceedings (collectively, the “**Encumbrances**”),

except for those liens and encumbrances expressly to be assumed by the Successful Bidder(s) and permitted encumbrances, pursuant to an Approval and Vesting Order(s) in a form satisfactory to the Successful Bidder(s), the CRO, the Financial Advisor, and the Monitor, and granted by the Court. The Encumbrances shall attach to the net proceeds of the sale of such Assets, as applicable without prejudice to any claims or causes of action regarding priority, validity or enforceability thereof.

Solicitation

14. As soon as reasonably practicable, the Financial Advisor will prepare, in consultation and with the Monitor and the CRO: (a) a list of potential bidders who may be interested in submitting an Investment Proposal and/or a Sale Proposal (the “**Prospect List**”) including both strategic and financial parties who, in the Financial Advisor’s judgment (after consultation with the Monitor), may be interested in effecting a transaction; (b) an initial offering summary (the “**Teaser Letter**”) to notify each party on the Prospect List of the solicitation process under this SISP and to invite each such party to make an Investment Proposal and/or a Sale Proposal; and (c) a form of confidentiality agreement, which shall include an agreement to be bound by the provisions of this SISP (the “**Confidentiality Agreement**”).
15. As soon as reasonably practicable, but in any event no later than January 18, 2016, the Financial Advisor shall send the Teaser Letter, a copy of the SISP Order and the form of Confidentiality Agreement to those persons on the Prospect List (the “**Phase 1 Commencement Date**”) and, as soon as reasonably practicable thereafter, to any other person who expresses an interest in this SISP, who requests a copy of the Teaser Letter or who is identified to Walter Energy Canada, the CRO or the Monitor as a potential bidder.

SISP – PHASE 1

16. For a period of sixty (60) calendar days following the Phase 1 Commencement Date, or for such longer period as the CRO, in consultation with the Financial Advisor and the Monitor, may determine, acting reasonably (“**Phase 1**”), the Financial Advisor will solicit non-binding indications of interest in the form of non-binding letters of intent (each an “**LOI**”) from each potential bidder on the Prospect List as well as any other interested party to effect an Investment Proposal or a Sale Proposal.
17. As soon as reasonably practicable after the granting of the SISP Order, but in any event no more than eight (8) business days after the issuance of the SISP Order, the Monitor will cause a notice of the SISP (and such other information the Monitor, in consultation with the Financial Advisor, considers appropriate) to be published in The Vancouver Sun, The Globe and Mail (National Edition), the Wall Street Journal and any other newspaper or trade journal as the Monitor and the Financial Advisor consider appropriate. On the same date, Walter Energy, Inc. will issue a press release setting out the notice of the SISP and such other information as may be advisable.
18. Interested parties that execute and deliver to the Financial Advisor the Confidentiality Agreement shall receive a detailed confidential information memorandum prepared by the Financial Advisor, in consultation with the CRO and the Monitor, describing the opportunity to effect an Investment Proposal and/or a Sale Proposal. Additionally, such

parties shall receive access to an electronic due diligence database (the “**Due Diligence Access**”). The Due Diligence Access for each party shall terminate upon the Phase 1 LOI Deadline (as defined below) in the event that such party fails to deliver an LOI in accordance with the instructions contained in the “Phase 1 Timing” section below.

19. The Financial Advisor, with the assistance of the Monitor, will designate a representative to coordinate all reasonable requests for Due Diligence Access for all parties eligible to receive such access in accordance with this section. The Financial Advisor, the Monitor, the CRO and Walter Energy Canada are not responsible for, and will bear no liability with respect to, any information obtained by any party in connection with the Business or the Assets and do not make any representations or warranties as to the information or materials provided.
20. In respect of information requests or any other matters concerning an Investment Proposal and/or a Sale Proposal, Prospective Bidders must communicate with Steve Zelin of PJT Partners LP, or with such other individual or individuals as he may authorize in writing and Anthony Tillman of the Monitor or such other individuals as the Monitor may authorize in writing. Without the prior written consent of the CRO, no Prospective Bidders or representatives of Prospective Bidders may initiate or cause to be initiated or maintain any communication with any officer, director, agent, employee, affiliate, creditor, shareholder, customer or supplier of Walter Energy Canada concerning Walter Energy Canada’s Business, Assets, operations, prospects or finances, or any matters relating to an Investment Proposal and/or a Sale Proposal.

Phase 1 Timing

21. Potential bidders that wish to pursue an Investment Proposal and/or a Sale Proposal (a “**Prospective Bidder**”) must deliver a non-binding LOI in writing via email or by personal delivery to the Financial Advisor, the CRO and the Monitor so that they are actually received by no later than 5:00 PM (Toronto time) on or before March 18, 2016, or such later date as determined by the CRO, in consultation with the Monitor and the Financial Advisor (the “**Phase 1 LOI Deadline**”) at:

PJT Partners LP
280 Park Ave
New York, NY 10017

Attention: Steve Zelin
Email: Zelin@pjtpartners.com

With a copy delivered by email to the CRO:

Attention: William E. Aziz
Email: baziz@bluetreadvisors.com

and a copy to counsel to Walter Energy Canada:

Osler, Hoskin & Harcourt LLP
100 King Street West

1 First Canadian Place
Toronto, ON M5X 1B8

Attention: Marc Wasserman and Patrick Riesterer
Email: mwasserman@osler.com and priesterer@osler.com

With a copy to the Monitor:

KPMG Inc.
Bay Adelaide Centre
333 Bay Street, Suite 4600
Toronto, ON M5H 2S5

Attention: Philip J. Reynolds and Anthony Tillman
Email: pjreynolds@kpmg.ca and atillman@kpmg.ca

and a copy to counsel to the Monitor:

McMillan LLP
181 Bay Street, Suite 440
Toronto, ON M5J 2T3

Attention: Wael Rostom and Caitlin Fell
Email: wael.rostom@mcmillan.ca and caitlin.fell@mcmillan.ca

Non-Binding Letters of Intent Requirements

22. An LOI will be considered a qualified LOI (a “**Qualified LOI**”) only if:
- (a) it is submitted on or before the Phase 1 LOI Deadline;
 - (b) it contains an executed Confidentiality Agreement (if not already delivered);
 - (c) it indicates whether the LOI involves a Sale Proposal and/or an Investment Proposal.
 - (d) it identifies the Prospective Bidder and representatives thereof who are authorized to appear and act on behalf of the Prospective Bidder for all purposes regarding the contemplated transaction and it must fully disclose the identity of each entity that will be sponsoring, participating in or benefiting from the transaction contemplated by the LOI and the complete terms of such participation, including, in the case of an entity formed or to be formed for the purpose of entering into the transaction contemplated by the LOI, the identity of each actual or anticipated direct or indirect equity holder or beneficiary of such entity and the percentage of such equity holder or beneficiary’s interest in the transaction contemplated by the LOI;
 - (e) it describes the structure and financing of the proposed transaction (including, but not limited to, a specific indication of the sources of financing for the purchase

price, and preliminary evidence of the availability of such financing and the steps necessary and associated timing to obtain such financing and consummate the proposed transaction in each case in sufficient detail to permit the Financial Advisor, the CRO and the Monitor to make a reasonable business or professional judgment as to the Prospective Bidder's financial or other capabilities to consummate the transaction);

- (f) it describes the conditions and approvals required for a final and binding offer, including any anticipated corporate, security holder, internal or regulatory approvals required to close the transaction, and an estimate of the anticipated timeframe and any anticipated impediments for obtaining such approvals;
- (g) it describes any additional due diligence required to be conducted during Phase 2 (as defined below);
- (h) it identifies all conditions to closing to be imposed by the Prospective Bidder including, without limitation, any form of agreement required from a government body, stakeholder or other third party;
- (i) it contains such other information reasonably requested by the Financial Advisor, the CRO or the Monitor;
- (j) in the case of a Sale Proposal, it identifies or contains the following:
 - (i) the purchase price (or range thereof) in Canadian dollars, including details of any liabilities to be assumed by the Prospective Bidder;
 - (ii) the Assets that are to be purchased as part of the transaction;
 - (iii) the Assets that are to be excluded from the transaction;
 - (iv) a description of the Prospective Bidder's intended use of the Assets that are to be purchased as part of the transaction; and
 - (v) any other terms or conditions of the Sale Proposal that the Prospective Bidder believes are material to the transaction;
- (k) in the case of an Investment Proposal, it identifies or contains the following:
 - (i) a detailed description of the structure of the transaction including the direct or indirect investment target;
 - (ii) the aggregate amount of the equity and debt investment to be made in the Business;
 - (iii) equity, if any, to be allocated to the secured and unsecured creditors of Walter Energy Canada;
 - (iv) key assumptions supporting the valuation;

- (v) the underlying assumptions regarding the pro forma capital structure (including the form and amount of anticipated equity and/or debt levels, debt service fees, interest or dividend rates, amortization, voting rights or other protective provisions (as applicable), redemption, prepayment or repayment attributes and any other material attributes of the investment);
 - (vi) a description of the Prospective Bidder's intended use of the Assets that are to be purchased as part of the transaction; and
 - (vii) any other terms or conditions of the Investment Proposal that the Prospective Bidder believes are material to the transaction;
23. An LOI received by the Financial Advisor, the CRO, and the Monitor after the Phase 1 LOI Deadline shall not constitute a Qualified LOI, it being understood that the CRO, in consultation with the Financial Advisor and the Monitor, shall have the right to deem an LOI received after the Phase 1 LOI Deadline a Qualified LOI.

Assessment of Qualified LOIs and Continuation or Termination of Solicitation Process

24. Following the Phase 1 LOI Deadline, the CRO, the Financial Advisor and the Monitor will assess the Qualified LOIs received during Phase 1, if any, and will determine whether there is a reasonable prospect of obtaining a Bid. For the purpose of such consultations and evaluations, the Financial Advisor, the Monitor or the CRO may request clarification of the terms of any Qualified LOI submitted by a Prospective Bidder.
25. In assessing the Qualified LOIs submitted in Phase 1, the Financial Advisor, the Monitor and the CRO may consider, among other things, the following:
- (a) the form and amount of consideration being offered and the net value to Walter Energy Canada (including any assumed liabilities or other obligations to be performed by the Prospective Bidder);
 - (b) whether the Qualified LOI maximizes value for the Business and/or the Assets;
 - (c) the demonstrated financial capability of the Prospective Bidder to consummate the proposed transaction;
 - (d) the identity of the Prospective Bidder;
 - (e) the costs and risks associated with entering into a transaction with a Prospective Bidder;
 - (f) any transition services required in respect of the transaction contemplated by the Qualified LOI;
 - (g) any monetary value that may reasonably be attributed to any non-cash consideration provided by a Prospective Bidder;

- (h) the conditions to closing of the proposed transaction (including any required regulatory approvals and any other factors affecting the speed, certainty and value of the transaction);
 - (i) the treatment of the Walter Energy Canada employees (whether active or inactive);
 - (j) whether a claim is likely to be created by the Qualified LOI and a comparison of any such claims to claims likely to be created by any other Qualified LOI;
 - (k) the terms of the Qualified LOI (including, but not limited to, the anticipated counterparties to the transaction, the anticipated closing date, and the planned treatment of the Walter Energy Canada mines);
 - (l) the estimated time required to complete the proposed transaction and whether, in the Financial Advisor's, the CRO's and the Monitor's judgment, it is reasonably likely to close on or before the Outside Termination Date (as defined below); and
 - (m) such other criteria as the Financial Advisor, the CRO and the Monitor may determine.
26. If one or more Qualified LOIs are received and the CRO, in consultation with the Monitor and the Financial Advisor, determines there is a reasonable prospect of obtaining a Bid, the Financial Advisor shall notify the Prospective Bidders that the SISP shall progress to phase 2 (the date such notification being the "**Phase 2 Commencement Date**") and the solicitation process shall be continued in accordance with this SISP for a further sixty (60) calendar days following the Phase 2 Commencement Date or for such longer period as the CRO, in consultation with the Monitor and the Financial Advisor, may determine ("**Phase 2**").
27. If the CRO, in consultation with the Monitor and the Financial Advisor, determines:
- (a) there are no Qualified LOIs received by the Phase 1 LOI Deadline; or
 - (b) there are Qualified LOIs received by the Phase 1 LOI Deadline but the CRO, in its reasonable business judgment and in consultation with the Monitor and the Financial Advisor, determines that such Qualified LOIs fail to maximize the recovery on the Business and the Assets given the circumstances and there is not a reasonable prospect of obtaining a Bid,
- then the CRO may determine, in consultation with the Monitor, not to permit the SISP to progress to Phase 2 and Walter Energy Canada may apply to the Court for authorization to terminate this SISP immediately after such determination is made.
28. If the CRO, in consultation with the Monitor and the Financial Advisor, determines that there is at least one Qualified LOI received by the Phase 1 LOI Deadline, and the CRO, in its reasonable business judgment and in consultation with the Monitor and the Financial Advisor, determines that such Qualified LOI maximizes the recovery on the Business and the Assets given the circumstances, then the CRO shall be authorized to

negotiate with such Prospective Bidders to consummate a sale transaction with respect to the Business and/or the Assets (and notwithstanding anything contained herein, such Prospective Bidder shall thereafter be deemed to be the Successful Bidder), following which Walter Energy Canada shall seek Court approval of such agreement at a Sale Motion (as defined below) without having this SISP progress to Phase 2.

SISP – PHASE 2

29. In the event that the CRO, in consultation with the Financial Advisor and the Monitor, determines that this SISP shall progress to Phase 2, each Prospective Bidder that: (a) submits a Qualified LOI; and (b) is not eliminated from the solicitation process by the CRO, the Financial Advisor or the Monitor after the assessment of whether such Qualified LOI meets the criteria outlined above, will be invited to participate in Phase 2 (a “**Bidder**”).
30. With respect to the Due Diligence Access referenced above, each Bidder’s Due Diligence Access shall continue into Phase 2 and shall terminate upon the earliest of the following events to occur:
 - (a) such party does not submit a Bid by the Phase 2 Bid Deadline (as defined below);
 - (b) such party submits a Bid by the Phase 2 Bid Deadline but the CRO, in consultation with the Financial Advisor and the Monitor, determines that such party does not constitute a Qualified Bidder (as defined below);
 - (c) the closing of the transaction contemplated by the Successful Bid.
31. By the later of the Phase 2 Commencement Date or (if the Phase 2 Commencement Date has occurred) March 28, 2016, the Financial Advisor shall post a form of asset purchase agreement on the Due Diligence Access site (the “**APA Form**”) for Bidders who wish to submit Sale Proposals.

Phase 2 Timing

32. All Bids must be delivered in writing by email or personal delivery so that they are actually received by the Financial Advisor, the CRO and the Monitor by no later than 10:00 a.m. (Toronto time) on the day that is sixty (60) calendar days following the Phase 2 Commencement Date, or such later date or time as may be determined by the CRO, in consultation with the Financial Advisor and the Monitor, or the Court in accordance with the terms of this SISP (the “**Phase 2 Bid Deadline**”) at the addresses specified above in the section entitled “Non-Binding Letters of Intent from Prospective Bidders”.
33. A Bid received by the Financial Advisor, the CRO and the Monitor after the Bid Deadline shall not constitute a Qualified Bid (as defined below), unless the CRO, in consultation with the Financial Advisor and the Monitor, in its discretion, deems a Bid received after the Bid Deadline a Qualified Bid.

Bid Requirements

34. To be eligible to be a Qualified Bidder (as defined below) a Bidder must deliver a bid (a “**Bid**”) to the Financial Advisor, the CRO and the Monitor by the Phase 2 Bid Deadline which satisfies each of the following conditions (a “**Qualified Bid**” and the party submitting such Qualified Bid, a “**Qualified Bidder**”):
- (a) Confidentiality. The Bidder must deliver an executed Confidentiality Agreement (if not already delivered);
 - (b) Identification. The Bid must identify the Bidder and representatives thereof who are authorized to appear and act on behalf of the Bidder for all purposes regarding the contemplated transaction and it must fully disclose the identity of each entity that will be sponsoring, participating or benefiting from the transaction contemplated by in the Bid and the complete terms of such participation, including, in the case of an entity formed or to be formed for the purpose of entering into the transaction contemplated by the Bid, the identity of each actual or anticipated direct or indirect equity holder or beneficiary of such entity and the percentage of such equity holder or beneficiary’s interest in the transaction contemplated by the Bid;
 - (c) Form and Content. In the case of a Sale Proposal, the Bid must be in the same form as the APA Form and executed by the Bidder (each, a “**Proposed Purchase Agreement**”), together with all exhibits and schedules thereto and such ancillary agreements as may be required by the Bidder with all exhibits and schedules thereto. Any changes and modifications to the APA Form are to be indicated on a blackline to the APA Form (including, if applicable, any modifications made to reflect the Assets or parts thereof sought to be purchased). In the case of an Investment Proposal, the Bid must be in a form to be agreed upon by the CRO and the Qualified Bidder (the “**Investment Form**”) and executed by the Bidder (each, a “**Proposed Investment Agreement**”) together with all exhibits and schedules thereto and such ancillary agreements as may be required by the Bidder with all exhibits and schedules thereto. Any changes and modifications to the Investment Form are to be indicated on a blackline to the Investment Form;
 - (d) Treatment of Contracts. The Bid must identify, with particularity, the contracts, permits, licenses and/or leases the Bidder wishes to assume and those it wishes to reject and must contain full details of the Bidder’s proposal for the treatment of related cure costs;
 - (e) Approvals. The Bid must outline any anticipated regulatory and other approvals required to close the transaction and the anticipated timeframe and any anticipated impediments for obtaining such approvals;
 - (f) Corporate Authorizations. The Bid must include evidence, in form and substance reasonably satisfactory to the CRO, the Financial Advisor and the Monitor, of authorization and approval from the Bidder’s board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the Bid;

- (g) Good Faith Deposit. The Bid must be accompanied by a cash deposit equal to at least ten percent (10%) of the total value of the consideration contemplated by the Bid (the “**Good Faith Deposit**”), and the Good Faith Deposit shall be paid to the Monitor in accordance with wire instructions provided by the Monitor, and shall be held by the Monitor in accordance with this SISP;
- (h) Financial Wherewithal. The Bid must include evidence satisfactory to the CRO, the Financial Advisor and the Monitor of the Bidder’s financial ability to complete the Investment Proposal and/or Sale Proposal and close the transaction(s) on a closing date (the “**Closing Date**”);
- (i) Closing Date. The Bid must contain a binding commitment by the Bidder to close on the terms and conditions set forth in the Proposed Purchase Agreement or the Proposed Investment Agreement, as applicable, as soon as practicable after satisfaction or waiver of all conditions; provided that the Closing Date must take place by no later than June 30, 2016, or such later date as agreed to by the CRO, the Financial Advisor, the Monitor and the Bidder (the “**Outside Termination Date**”);
- (j) Closing Timeline. The Bid must provide a timeline for the closing of the transaction, which includes critical milestones;
- (k) Irrevocable. The Bid must be accompanied by a letter which confirms that the Bid: (i) may be accepted by the CRO, on behalf of Walter Energy Canada, by countersigning the Proposed Purchase Agreement or the Proposed Investment Agreement, as applicable, and (ii) is irrevocable and capable of acceptance until the earlier of (A) the day on which the Bidder is notified that the Bid is not a Qualified Bid; (B) the day on which the transaction contemplated by the Successful Bid(s) is/are closed, if the Bid is not the Successful Bid; and (C) the Outside Termination Date;
- (l) No Representations and Warranties. A Bid shall include an “as is, where is” clause substantially on the same terms as the “as is, where is” clause set out in the APA Form and the Investment Form;
- (m) Acknowledgment: A Bid shall include an acknowledgment and representation that the Bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Assets to be acquired and liabilities to be assumed in making its Bid; and (ii) did not rely upon any written or oral statements, representations, promises, warranties or guarantees whatsoever, whether express or implied (by operation of law or otherwise), regarding the Assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, except as expressly stated in the Proposed Purchase Agreement or the Proposed Investment Agreement, as applicable;
- (n) Contingencies. The Bid may not be conditional on obtaining financing or any internal approval or on the outcome or review of due diligence;

- (o) No Fees Payable to Bidder. The Bid may not request or entitle the Bidder to any break-up fee, expense reimbursement, termination or similar type of fee or payment. Further, by submitting a Bid, a Bidder shall be deemed to irrevocably waive any right to pursue a claim in any way related to the submission of its Bid or this SISP; and
 - (p) Other Information. A Bid shall contain such other information reasonably requested by the CRO, the Financial Advisor or the Monitor.
35. Each Bidder shall comply with all reasonable requests for additional information by the CRO, the Financial Advisor or the Monitor regarding such Bidder and its contemplated transaction. Failure by the Bidder to comply with requests for additional information will be a basis for the CRO, in consultation with the Monitor and the Financial Advisor, to determine that the Bidder is not a Qualified Bidder.
36. The CRO, the Financial Advisor and the Monitor may discuss, negotiate or seek clarification of any Bid. A Bidder may not modify, amend or withdraw its Bid without the written consent of the CRO, the Financial Advisor and the Monitor. Any such modification, amendment or withdrawal of a Bid by a Bidder without the written consent of the CRO, the Financial Advisor and the Monitor shall result in a forfeiture of such Bidder's Good Faith Deposit as liquidated damages and not as a penalty.

SISP – PHASE 3

37. If one or more Qualified Bids are received in accordance with this SISP, the CRO, in consultation with the Financial Advisor and the Monitor, may choose to:
- (a) accept one Qualified Bid or multiple sets of non-overlapping Qualified Bids with respect to the Business and/or the Assets (the “**Successful Bid(s)**”, and the party or parties submitting such Successful Bid(s), the “**Successful Bidder(s)**”) and take such steps as are necessary to finalize and complete an agreement for the Successful Bid(s) with the selected Qualified Bidder(s);
 - (b) continue negotiations with a selected number of Qualified Bidders with a view to finalizing an agreement with one or more Qualified Bidder(s) such that such Qualified Bidder(s) becomes the Successful Bidder(s); or
 - (c) conduct an auction to determine which Qualified Bidder(s) shall become the Successful Bidder(s) (the “**Auction**”), with the rules of such Auction to be established by the CRO, in consultation with the Financial Advisor and the Monitor, and to be delivered to each such Qualified Bidder that the CRO, in consultation with the Financial Advisor and the Monitor, determines should participate in any Auction should the CRO, in its discretion, decide to proceed in that manner.
38. Evaluation criteria for the Successful Bid(s) may include, but are not limited to, the factors listed in the “Assessment of Qualified LOIs and Continuation or Termination of Solicitation Process” section above (except such factors will be applied to an evaluation of the Qualified Bids, as opposed to the Qualified LOIs).

OTHER TERMS

CRO's, Monitor's, and Financial Advisor's Reservation of Rights

39. In addition to the other reservations of rights set out herein, the CRO, in consultation with the Financial Advisor and the Monitor, shall have the right in its discretion to: (a) waive strict compliance with any one or more of the LOI or Bid requirements specified herein, and deem such non-compliant LOIs to be Qualified LOIs or non-compliant Bids to be Qualified Bids, as the case may be, provided that such non-compliance is not material in nature; (b) reject any or all LOIs or Bids if, in the CRO's judgment, no LOI or Bid complies with the minimum requirements or for any other reasons; (c) adopt such ancillary and procedural rules not otherwise set out herein (including rules that may depart from those set forth herein) that in the CRO's judgment will better promote the goals of this SISP and facilitate the Auction and/or (d) terminate this SISP at any point in time. To the extent that any notice of changes to this SISP or related dates, times, or locations is required or otherwise appropriate, the Monitor may publish such notice on the Monitor's public website and such notice shall be deemed satisfactory, subject to any other notice requirements specifically set forth herein or as required by the Court.
40. The CRO, the Monitor and the Financial Advisor shall consult regularly with Walter Energy Canada with respect to the conduct and status of this SISP, and shall provide Walter Energy Canada with information reasonably requested from time to time by Walter Energy Canada in respect of the conduct and status of this SISP.

Discussions with Third Party Stakeholders

41. If it is determined by the CRO, in consultation with the Financial Advisor and the Monitor, that it would be worthwhile to facilitate a discussion between a Prospective Bidder or a Qualified Bidder, as applicable, and a stakeholder or other third party (such as a governmental or regulatory authority) as a consequence of a condition to a potential transaction or potential closing condition identified by such Prospective Bidder or Qualified Bidder, the CRO may provide such Prospective Bidder or Qualified Bidder with the opportunity to meet with the relevant stakeholder or third party to discuss such condition or potential condition, with a view to enabling such Prospective Bidder or Qualified Bidder to seek to satisfy the condition or assess whether the condition is not required or can be waived. Any such meetings or other form of communication will take place on terms and conditions considered appropriate by the CRO, in consultation with the Financial Advisor and the Monitor.

Sale Motion

42. Walter Energy Canada shall promptly apply to the Court for an order approving the Successful Bid(s) and authorizing the Investment Proposal and/or the sale of the applicable Assets to the Successful Bidder(s) free and clear of all liens and encumbrances, other than those liens and encumbrances expressly to be assumed by the Successful Bidder(s) (the "**Sale Motion**"). The Sale Motion shall be scheduled with the Court as soon as possible thereafter at 800 Smithe Street, Vancouver, B.C. The Sale Motion may be adjourned or re-scheduled by Walter Energy Canada, the Monitor, and/or the CRO without further notice by an announcement of the adjourned date at the Sale

Motion. Notwithstanding the foregoing, in the event that there is more than one Successful Bid, the CRO, in consultation with the Monitor, reserves the right to impose a condition in each Successful Bid that Walter Energy Canada shall have the right to seek to have any Sale Motion heard on the same day as any other Sale Motion(s).

Consent to Jurisdiction as Condition to Bid

43. All Prospective Bidder and Qualified Bidders shall be deemed to have consented to the exclusive jurisdiction of the Court and waived any right to a jury trial in connection with any disputes relating to this SISP and the construction and enforcement of the relevant transaction documents, as applicable.

SISP Participant Fees

44. Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them for any reason whatsoever, including but not limited to, in connection with the submission of any LOI, Bid, due diligence activities, and any further negotiations or other actions whether or not they lead to the consummation of a transaction.

Closing the Successful Bid

45. The CRO and the Successful Bidder(s) shall take all reasonable steps to complete the transaction contemplated by the Successful Bid(s) as soon as possible after the Successful Bid(s) are approved by the Court. Notwithstanding the foregoing, in the event that there is more than one Successful Bid, the CRO reserves the right to impose a condition in each Successful Bid that the obligation of Walter Energy Canada to complete the transaction contemplated by each Successful Bid is conditional upon the completion of the transaction(s) contemplated by each other Successful Bid. Walter Energy Canada will be deemed to have accepted the Successful Bid(s) only when the Successful Bid(s) has/have been approved by the Court.
46. If the transaction(s) contemplated by the Successful Bid(s) has/have not closed by the Outside Termination Date, or such Successful Bid(s) is/are terminated for any reason prior to the Outside Termination Date, then this SISP shall be terminated.

Return of Good Faith Deposit

47. All Good Faith Deposits shall be held by the Monitor in an interest-bearing account until returned to the applicable Bidder or otherwise dealt with in accordance with this SISP. Good Faith Deposits of all Bidders who are determined not to be Qualified Bidders shall be returned to such Bidders ten (10) business days after the day on which the Bidder is notified that it is not a Qualified Bidder. Good Faith Deposits of all Qualified Bidders other than the Successful Bidder(s) shall be returned to such Qualified Bidders ten (10) business days after the day on which the transaction(s) contemplated by the Successful Bid(s) closes.
48. The Good Faith Deposit(s) of the Successful Bidder(s) shall be applied to the purchase price of its transaction(s) at closing. If the Successful Bid(s) fail(s) to close by the Outside Termination Date because of a breach or failure to perform on the part of the

Successful Bidder(s), Walter Energy Canada shall be entitled to retain the Good Faith Deposit of the applicable Successful Bidder(s) as part of its liquidated damages resulting from the breach or failure to perform by the applicable Successful Bidder(s) (and not as a penalty). The Good Faith Deposit of the Successful Bidder(s) shall otherwise be returned to the Successful Bidder(s) in accordance with the terms of the Successful Bid(s).

No Amendment

49. There will be no amendments to this SISIP without the written consent of the CRO and the Monitor, each acting reasonably, or, in the absence of consent, the approval of the Court. This SISIP does not, and will not be interpreted to, create any contractual or other legal relationship between Walter Energy Canada, the CRO, the Monitor, the Financial Advisor and any Prospective Bidder or Bidder. At any time during the implementation of this SISIP, the CRO, Walter Energy Canada, the Monitor, or the Financial Advisor may apply to the Court for advice and directions with respect to the discharge of their powers and duties hereunder.

No Acceptance Obligation

50. The CRO, in consultation with the Financial Advisor and the Monitor, shall be under no obligation to accept the highest Qualified LOI and/or the highest Qualified Bid or any Qualified LOI and/or Qualified Bid, and reserves the right to reject any or all Qualified LOIs and/or Qualified Bids. The selection of the Successful Bid(s) shall be in the sole discretion of the CRO, in consultation with the Financial Advisor and the Monitor.

Summary of Key Dates

51. The following chart summarizes the key dates provided for in this SISIP, which dates are subject to extension or modification by the CRO, in consultation with the Financial Advisor and the Monitor, in accordance with the terms hereof.

Phase 1 Commencement Date / Teaser Letters sent to Prospect List	January 18, 2016
Phase 1 LOI Deadline	March 18, 2016
Phase 2 Commencement Date / APA Form posted to Due Diligence Access site	March 28, 2016
Phase 2 Bid Deadline	May 27, 2016
Outside Termination Date	June 30, 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 THE PLAN OF COMPROMISE AND
ARRANGEMENT OF WALTER ENERGY CANADA HOLDINGS,
INC., AND THOSE PARTIES LISTED ON SCHEDULE "A"

PETITIONERS

ORDER MADE AFTER APPLICATION

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Client Matter No. 15375-00001

TAG/mf