This is the 2nd Affidavit of
William G. Harvey in this case and
was made on December 31, 2015

NO. S-1510120
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

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

AND

IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT
OF WALTER ENERGY CANADA HOLDINGS, INC. AND THE OTHER
PETITIONERS LISTED ON SCHEDULE "A"

PETITIONERS

AFFIDAVIT

I, **WILLIAM G. HARVEY**, Chartered Financial Analyst, of the City of Birmingham, in the State of Alabama, United States of America, MAKE OATH AND SAY AS FOLLOWS:

1. This affidavit is made in support of an application by Walter Energy Canada Holdings, Inc. ("**Walter Energy Canada**") and its direct and indirect subsidiaries and affiliates listed on Schedule "A" to the Order of this Honourable Court made on December 7, 2015 (the "**Initial Order**") (collectively, the "**Canadian Petitioners**") for an Order under the *Companies' Creditors Arrangement Act*, 1985, c. C-36, as amended (the "**CCAA**"):

   (a) Approving the engagement of PJT Partners LP as the financial advisor (the "**Financial Advisor**") to the Canadian Petitioners and the partnerships listed on Schedule "C" to the Initial Order (such partnerships, collectively with the Canadian Petitioners, the "**Walter Canada Group**") and granting a charge relating thereto;

   (b) Approving the engagement of BlueTree Advisors Inc. as chief restructuring officer (the "**CRO**") of the Walter Canada Group;

   (c) Approving a sale and investment solicitation process (the "**SISP**");

(d) Approving a key employee retention plan (the "**KERP**") and a KERP charge (the "**KERP Charge**"), which is described in detail in my confidential affidavit dated as of the date hereof (the "**Confidential Affidavit**");

(e) Approving an Intercompany Charge and a Cash Collateral Agreement (as both are defined and described below); and

(f) Extending the stay of proceedings provided in the Initial Order to April 5, 2016.

2. I am the Executive Vice President and Chief Financial Officer of Walter Energy Canada and the Chief Financial Officer and Executive Vice President of Walter Energy, Inc. ("**Walter Energy U.S.**"). As such, I have personal knowledge of the facts hereinafter deposed to, except where such facts are stated to be based upon information and belief and where so stated I do verily believe the same to be true. I am authorized to swear this affidavit on behalf of the Canadian Petitioners.

3. I previously swore an affidavit in this proceeding on December 4, 2015 (the "**First Affidavit**"). Where I use capitalized terms in this second affidavit, but do not define them, I intend them to bear their meanings as defined in the First Affidavit.

4. The information in this affidavit is organized under the following headings:

I. INTRODUCTION

5. As reported to this Honourable Court in the First Affidavit, as a result of developments in the Chapter 11 Cases and the looming liquidity crisis faced by the Walter Canada Group, it became necessary for the Walter Canada Group to obtain CCAA relief pursuant to the Initial Order.

6. Since the granting of the Initial Order, the Walter Canada Group and its advisors have engaged in ongoing discussions with multiple stakeholders in these CCAA proceedings, as described in greater detail below.

7. Two such stakeholders are the B.C Ministry of Energy and Mines and the B.C. Ministry of the Environment (the "**Governmental Authorities**") who have been consulted regarding the proposed Order and the development and implementation of a SISP to sell the Walter Canada Group's assets as a going concern. I understand that representatives from the Governmental Authorities are not opposed to the proposed from of Order and are not opposed to the Walter Canada Group's proposed SISP to sell its business and assets as a going concern.

8. In order to provide for an effective SISP, the Walter Canada Group is seeking the appointment of: (i) PJT Partners LP as Financial Advisor to implement the SISP; and (ii) BlueTree Advisors Inc. as CRO to manage and direct the SISP.

9. The Walter Canada Group will require the services of a key employee to maintain Canadian operations while the SISP is being conducted and to aid in the implementation of the SISP. The Walter Canada Group is therefore seeking the approval of a KERP with respect to such employee (which is described in greater detail in my Confidential Affidavit).

10. The Walter Canada Group is also seeking the approval of an Intercompany Charge in the proposed Order and the approval of a Cash Collateral Agreement, both of which relate to a request by Morgan Stanley Senior Funding, Inc. ("**Morgan Stanley**") regarding the cash collateralization of letters of credit issued under the 2011 Credit Agreement.

11. Finally, the proposed Order extends the stay period granted in the Initial Order (the "**Stay Period**") to April 5, 2016. Such an extension would provide the Walter Canada Group and its advisors with sufficient time to run the SISP and assess whether indications of interest under the SISP may result in a going concern outcome for the Walter Canada Group.

II. UPDATE ON STAKEHOLDER DISCUSSIONS

12. Since the granting of the Initial Order, the Walter Canada Group has taken significant steps to advance these proceedings for the benefit of all stakeholders, including, but not limited to:

(a) Cooperating with KPMG, in its capacity as Monitor, to facilitate its monitoring of the Walter Canada Group's business and operations;

(b) Communicating with various suppliers, trade creditors, lenders, shareholders, employees and others regarding the status of the CCAA proceedings;

(c) Analyzing whether the Walter Canada Group's business could be continued as a going concern and engaging in discussions regarding same with representatives from the relevant Governmental Authorities (the specifics of which are described in greater detail below);

(d) Developing a KERP for a key employee and communicating the terms of the KERP to the employee;

(e) Engaging in discussions and correspondence with counsel to Morgan Stanley regarding the cash collateralization of letters of credit issued under the 2011 Credit Agreement;

(f) Engaging in discussions with representatives of and advisors to the Walter U.S. Group and the Monitor regarding the continued provision of Shared Services by the Walter U.S. Group to the Walter Canada Group;

(g) Responding to correspondence received from alleged creditors of the Walter Canada Group; and

(h) Working with the Monitor with respect to the Surplus Equipment Transaction described in the First Affidavit.

13. Additionally, on December 23, 2015, counsel to the Walter Canada Group sent an email to the service list in these CCAA proceedings to provide stakeholders with early notice of the relief being sought at the January 5, 2016 motion.

III. DISCUSSIONS WITH GOVERNMENTAL AUTHORITIES

14. On December 14, 2015, the Walter Canada Group, its advisors and the Monitor met with representatives of the Governmental Authorities.

15. Among other things, the Walter Canada Group's advisors and the Monitor provided the Governmental Authorities' representatives with: (i) background information regarding the events leading up to the Walter Canada Group's CCAA filing (as more fully described in the First Affidavit); (ii) an update on the status of the CCAA proceedings; and (iii) a proposed plan with respect to a SISP to sell the Walter Canada Group's assets as a going concern, including the intention to retain

a CRO and obtain an Order granting the CRO with certain protections, as more fully described below. Representatives of the Governmental Authorities requested that further details be provided to them when such details became available to the Walter Canada Group and the Monitor.

16. Counsel to the Walter Canada Group subsequently liaised with counsel to the Governmental Authorities and provided counsel to the Governmental Authorities with a copy of the proposed Order, the SISP and drafts of the FA Engagement Letter and the CRO Engagement Letter (each as defined below). The Governmental Authorities have stated that they do not oppose the relief being sought at the January 5 motion.

IV. CASH COLLATERALIZATION OF LETTERS OF CREDIT AND INTERCOMPANY CHARGE

17. Morgan Stanley has required the cash collateralization of approximately $22.6 million of undrawn letters of credit posted by the Bank of Nova Scotia ("**BNS**") to various governmental authorities on behalf of the Walter Canada Group under the 2011 Credit Agreement. Specifically, letters of credit were previously provided on behalf of Brule Coal Partnership, Walter Canadian Coal Partnership, Wolverine Coal Partnership and Willow Creek Coal Partnership.

18. Brule Coal Partnership intends to cash collateralize both its own obligations and the obligations of Walter Canadian Coal Partnership, Wolverine Coal Partnership and Willow Creek Coal Partnership, as these partnerships do not have sufficient cash to collateralize the letters of credit issued on their behalf. The Walter Canada Group is therefore seeking a charge in favour of Brule Coal Partnership and any member of the Walter Canada Group to the extent that a member of the Walter Canada Group (the "**Protected WC Entity**") makes any payment or incurs or discharges any obligation (including any letter of credit obligations) on behalf of any other member of the Walter Canada Group (such as Walter Canadian Coal Partnership, Wolverine Coal Partnership and Willow Creek Coal Partnership) (the "**Beneficiary WC Entity**"). The proposed Order provides for each such Protected WC Entity to be granted a charge (the "**Intercompany Charge**") over all of the assets of each such Beneficiary WC Entity. The Intercompany Charge is proposed to rank behind all of the other Court-ordered charges granted in the CCAA proceedings.

19. The Walter Canada Group seeks the approval of the Cash Collateral Agreement between Brule Coal Partnership, Walter Energy Canada, Morgan Stanley and BNS that is intended to be executed prior to the January 5 motion date in substantially the form attached as Exhibit "A" to this affidavit (the "Cash Collateral Agreement"). The Cash Collateral Agreement provides for Brule Coal Partnership to establish a bank account containing the cash collateral and confirms Morgan Stanley's pre-filing first-ranking security interest in the cash contained in the account. The proposed Order contains provisions which: (i) approve the Cash Collateral Agreement; (ii) provide that the CCAA charges rank junior to Morgan Stanley's security interest in the cash; and (iii) provide that

the CCAA charges attach only to the extent of the rights of any member of the Walter Canada Group to the return of the cash collateral from BNS following the extinguishment of any letter of credit exposure and the exercise of any set-off rights by BNS or Morgan Stanley.

V. SHARED SERVICES

20. The Shared Services provided by the Walter U.S. Group to the Walter Canada Group are crucial to the Walter Canada Group's continued operations. However, the Shared Services will no longer be available to the Walter Canada Group following the sale of the assets of Walter Energy U.S. in the Chapter 11 Cases. As a result, the Monitor and representatives from the Walter Canada Group have begun developing a plan with representatives of Walter Energy U.S. to facilitate the provision of required Shared Services to the Walter Canada Group at a reduced cost until February 2016. In February 2016, it is anticipated that there will be a transfer of any remaining Shared Services to a third party or the Walter Canada Group so that the Walter Canada Group is fully independent from Walter Energy U.S. by this time. It is anticipated that the CRO will also have a significant role in addressing any issues related to the Shared Services.

VI. CLAIM ALLEGED BY THE 1974 PLAN

21. On December 22, 2015, counsel to the Walter Canada Group and the Monitor received a letter from counsel to the United Mine Workers of America 1974 Pension Plan and Trust (the "**1974 Plan**"). Counsel to the 1974 Plan advised that the 1974 Plan filed proofs of claim in the Chapter 11 Cases of Walter Energy U.S. and Jim Walter Resources, Inc. (a subsidiary of Walter Energy U.S.) ("**JWR**") for not less than USD$904 million in respect of unpaid pre-petition monthly pension contributions and the withdrawal liability of participating employers in the 1974 Plan. Counsel to the 1974 Plan further asserted that the withdrawal liability claim is currently contingent; however, such claim would become fixed if JWR withdraws from the 1974 Plan (the "**1974 Claim**"). It is the position of the 1974 Plan that, pursuant to U.S. law, the 1974 Claim is a joint and several obligation amongst all entities in the same "control group" as JWR and would therefore include each entity in the Walter Canada Group.

22. Counsel to the Walter Canada Group responded to counsel to the 1974 Plan in a letter dated December 23, 2015. The Walter Canada Group advised that the alleged 1974 Claim has yet to be investigated by the Walter Canada Group or the Monitor. Additionally, the alleged 1974 Claim is contingent upon JWR withdrawing from the 1974 Plan. As such, the 1974 Claim may not be a claim provable against the Walter Canada Group. If a claims procedure is established in the CCAA proceedings, the 1974 Plan will have an opportunity to prove the 1974 Claim and further analysis and investigation will occur at such time. A copy of the December 22 letter from counsel to the 1974 Plan, the December 23 letter from counsel to the Walter Canada Group and a further letter of December 29, 2015 from counsel to the 1974 Plan are attached as Exhibit "B" to this affidavit.

VII. SURPLUS EQUIPMENT

23. Pursuant to the Initial Order, this Court authorized the sale by Willow Creek Coal Partnership and Brule Coal Partnership of certain surplus equipment, being three bulldozers (the "**Purchased Equipment**"), to JWR, a related party of the Walter Canada Group.

24. While the Purchased Equipment was marketed by the Walter Canada Group prior to these CCAA proceedings, to ensure that the sale met the requirements under section 36 of the CCAA, the Monitor agreed to expand and continue the marketing process to sell the Purchased Equipment for an additional period of two to three weeks following the granting of the Initial Order.

25. The Walter Canada Group and the Monitor engaged Finning International Inc. ("**Finning**") to market the three bulldozers that were intended to be sold to JWR. In preparing the equipment to be marketed, however, Finning discovered that two of the three bulldozers do not meet certain U.S. regulatory requirements and therefore cannot be imported into the United States. As a result, JWR can only purchase one of the bulldozers. The Bill of Sale was revised to reflect a sale of only one bulldozer and the purchase price for the bulldozer is USD$465,000. It is anticipated that USD$250,000 of the purchase price will be paid to the Monitor prior to the January 5 motion pursuant to the terms of the Bill of Sale. Attached as Exhibit "C" to this affidavit is a copy of the revised Bill of Sale, and a blackline of such revised Bill of Sale to the Bill of Sale attached as Exhibit "I" to the First Affidavit.

26. The Walter Canada Group entered into a consignment agreement with Finning to market the bulldozer and to try and obtain a higher sale price than the purchase price to be paid by JWR. Finning listed the bulldozer on the market at a price 15% higher than the price offered by JWR and sought offers from interested parties up until December 30, 2015.

27. As a higher or better offer was not obtained by December 30, it is anticipated that the Monitor will deliver its First Certificate to JWR to vest the bulldozer in JWR and consummate the Surplus Equipment Transaction (which is described in greater detail in the First Affidavit).

VIII. APPOINTMENT OF FINANCIAL ADVISOR

28. The Walter Canada Group is proposing to retain the Financial Advisor to assist in the implementation of the SISP. In my view, the Walter Canada Group requires the assistance of a financial advisor to work through the SISP and provide it with the best possible chance of consummating a transaction that maximizes value for the stakeholders.

29. Given the familiarity that PJT Partners LP has with the Walter Group (as the financial advisor in Walter Energy U.S.'s sales process in the Chapter 11 Cases), retaining the Financial Advisor in

Canada is the most efficient option in the circumstances. The Financial Advisor has already engaged in efforts to market the Walter Canada Group's assets; however, no formal offers have been received for the Walter Canada Group assets to date.

30. I am satisfied that the Financial Advisor is familiar with the Walter Canada Group's business and assets and that the Financial Advisor is ready to continue to assist the Walter Canada Group and implement the SISP immediately following the approval thereof.

31. Attached as Exhibit "D" to this affidavit is a copy of the engagement letter entered into between Walter Energy Canada and the Financial Advisor (the "**FA Engagement Letter**"). Some of the key terms of the FA Engagement Letter include:

(a) An overview of services to be provided through the various stages of the SISP, including preparation of materials, formal marketing, assisting with buyer and investor due diligence, and assisting in evaluating and finalizing offers under the SISP;

(b) The Financial Advisor will charge a monthly flat working fee of USD$100,000 after Walter Energy U.S. converts the Chapter 11 Cases into a liquidation under Chapter 7 of the U.S. Bankruptcy Code. The Walter Canada Group will be invoiced for any services provided thereafter;

(c) The Financial Advisor will be entitled to a capital raising fee based on any financing arranged by the Financial Advisor and/or a transaction fee based on the consideration paid upon the consummation of a transaction in the CCAA proceeding (collectively, the "**FA Success Fee**"). The Financial Advisor will also be entitled to the reimbursement of all reasonable out-of-pocket expenses incurred during the course of its engagement. Both the FA Success Fee and any reimbursements for reasonable out-of-pocket expenses will be invoiced to the Walter Canada Group;

(d) The Financial Advisor will be entitled to a Court-ordered charge (which will be shared with the CRO, as described in greater detail below) in the maximum amount of $10,000,000 over the Property (as defined in the Initial Order), which charge shall secure the FA Success Fee and the CRO Success Fee (defined and discussed below) and which shall rank behind the Administration Charge, the Directors' Charge and the KERP Charge (the "**Success Fee Charge**"); and

(e) With respect to all other fees and expenses incurred by the Financial Advisor under the terms of the FA Engagement Letter (apart from the Success Fee and indemnity obligations arising under the FA Engagement Letter), the Financial Advisor shall be entitled to the benefit of the Administration Charge.

32. In my view, the terms set out in the FA Engagement Letter are fair and reasonable. I believe that the approval of the Success Fee Charge and the extension of the Administration Charge to the Financial Advisor are necessary components of the engagement of the Financial Advisor.

IX. APPOINTMENT OF CRO

33. Pursuant to an engagement letter dated December 30, 2015 (the "**CRO Engagement Letter**"), Walter Energy Canada intends to engage BlueTree Advisors Inc. to provide the services of William E. Aziz ("**Aziz**") to act as the CRO of the Walter Canada Group. A copy of the CRO Engagement Letter is attached as Exhibit "E" to this affidavit.

34. I am advised that the proposed CRO has extensive experience in restructuring proceedings of this nature. Specifically, Aziz has been the CRO in many high profile CCAA proceedings, including managing sale and investment solicitation processes in the CCAA proceedings of U.S. Steel Canada Inc. and the CCAA proceedings of the Mobilicity entities. The appointment of a CRO places the management of the proposed SISP in the hands of an experienced professional familiar with Canadian restructuring proceedings. It will enhance the likelihood that the Walter Canada Group will be able to generate maximum value for its business and assets under the SISP.

35. The proposed Order provides for the approval of the CRO Engagement Letter and the appointment of Aziz as CRO in accordance with the terms of the CRO Engagement Letter. The CRO Engagement Letter sets out the fees and disbursements payable to the CRO for his services, including a monthly fee of USD$75,000 and a success fee payable to the CRO based on the consideration paid upon the consummation of any transaction in the CCAA proceeding (the "**CRO Success Fee**").

36. It is proposed that the CRO Success Fee be secured by the Success Fee Charge (which charge would be shared with the Financial Advisor). Any other fees payable by Walter Energy Canada to the CRO pursuant to the CRO Engagement Letter, would be secured by the Administration Charge (except for indemnity obligations incurred under the CRO Engagement Letter).

37. I am advised by counsel to the Walter Canada Group that many of the CRO-related provisions in the proposed Order are similar to protections afforded to monitors, bankruptcy trustees and receivers in Canadian insolvency and bankruptcy proceedings (including certain protections contained in section 11.8 of the CCAA). I am further advised by counsel to the Walter Canada Group that such provisions are standard protections provided to chief restructuring officers in CCAA proceedings. These protections include that:

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

(b) The CRO shall not be considered an employer, successor employer, responsible person, operator or person with apparent authority within the meaning of any statute or law;

(c) The CRO shall not be deemed to be in possession of the Property within the meaning of any environmental legislation. In the event that the CRO is nonetheless found to be in possession of the Property, the CRO shall be entitled to the protections afforded to a monitor under section 11.8(3) of the CCAA; provided however that the CRO will not be exempt from any duty to report or make a disclosure imposed by law and incorporated by reference in section 11.8(4) of the CCAA;

(d) The CRO shall have no liability for any damages arising after the date of the proposed Order, except if such damages result from the CRO's gross negligence or wilful misconduct and the liability of the CRO shall not exceed the quantum of the fees paid to the CRO. The CRO shall also have no liability for any damages arising prior to the appointment of the CRO;

(e) No action is to be commenced against the CRO and all actions against the CRO are stayed, except with the written consent of the CRO or leave of the Court;

(f) The obligations of the Walter Canada Group to the CRO shall be treated as unaffected and may not be compromised in any plan of arrangement or proposal filed under the BIA; and

(g) If the CRO would have liability with respect to any losses 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, such obligation shall be deemed to be an obligation of the Walter Canada Group.

38. I believe that the appointment of the proposed CRO is in the best interests of the Walter Canada Group and the approval of the CRO Engagement Letter is fair and reasonable in the circumstances. I also understand that the Monitor supports the appointment of the CRO and the approval of the CRO Engagement Letter.

X. SALE AND INVESTMENT SOLICITATION PROCESS

39. The Walter Canada Group seeks approval of the SISP attached as Schedule "C" to the proposed Order. Capitalized terms used in this section not otherwise defined herein or in the First Affidavit have the meanings ascribed to them in the SISP.

40. The SISP has been developed by the Walter Canada Group in consultation with the Monitor. The SISP would be managed by the CRO and supervised by the Monitor. Decision making powers

would be vested in the CRO, subject to Monitor and Financial Advisor consultation. The Financial Advisor would implement the SISP.

41. The SISP provides for Prospective Bidders to submit an LOI or a Bid involving:

(a) A restructuring, recapitalization or other form of reorganization of the business and affairs of the Walter Canada Group as a going concern or a purchase of any or all equity interests held by Walter Energy Canada (collectively, an "**Investment Proposal**"); and/or

(b) A purchase of all or substantially all or any portion of the Walter Canada Group Assets (including the Brule, Willow Creek and Wolverine Mines, but not including an auction or liquidation of such Assets) (a "**Sale Proposal**").

42. Some of the key terms and timelines incorporated into the SISP include:

(a) Broad solicitation of known potential bidders and other potentially interested parties, with the assistance of the Financial Advisor in identifying bidders and preparing marketing materials;

(b) An initial phase 1 period of 60 days following the date of the issuance of a teaser letter (to be done on or before January 18, 2016) where the Financial Advisor would solicit non-binding letters of intent from Prospective Bidders;

(c) A discretionary phase 2 period of 60 days following the date of the announcement of Phase 2 (to be on or before March 28, 2016) where the Financial Advisor would solicit the submission of binding Bids;

(d) A discretionary phase 3 period where the CRO, in consultation with the Monitor and the Financial Advisor, may select one or more Successful Bids (which may involve the initiation of an Auction);

(e) If a Successful Bid is identified, an anticipated Court approval date where the Walter Canada Group would seek an order approving the Successful Bid(s) and authorizing an Investment Proposal or Sale Proposal, as applicable, with the sale of any Assets to the Successful Bidder(s) being transferred free and clear of all liens and encumbrances, other than permitted encumbrances and those liens and encumbrances expressly to be assumed by the Successful Bidder(s); and

(f) An Outside Termination Date of June 30, 2016 (or such later date as agreed to by the CRO, the Financial Advisor, the Monitor and the Bidder) as the last date upon which the closing of a transaction could occur.

43. In addition to the other reservation of rights of the CRO, the Monitor and the Financial Advisor as contained in the SISP, the SISP provides that the CRO, in consultation with the Financial Advisor and the Monitor, may:

(a) Waive strict compliance with any one or more of the LOI or Bid requirements specified therein, and deem 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;

(c) Accelerate the SISP to enable the CRO to consummate a transaction with a Prospective Bidder in Phase 1 of the SISP;

(d) Adopt such ancillary and procedural rules not otherwise set out in the SISP that in the CRO's judgment will better promote the goals of the SISP; and/or

(e) Apply to the court for authorization to terminate the SISP at any point in time (including following Phase 1 of the SISP).

44. In short, the SISP is flexible enough to accommodate all potential avenues to maximize value for the Walter Canada Group's stakeholders. I am advised that the SISP is also similar in structure to various other sale and investment solicitation processes approved by this Honourable Court in the past. In my business judgment, the SISP is reasonable in the circumstances and represents the best opportunity for the Walter Canada Group to successfully restructure as a going-concern, free from the aid and support of the Walter U.S. Group.

45. The Walter U.K. Group are not included in the SISP. However, as Cambrian Energybuild Holdings ULC (one of the Canadian Petioners) is the major shareholder of the Walter U.K. Group, the Walter Canada Group intends to mazimize the value of its interests in the Walter U.K. Group. The proposed Order therefore provides the CRO with the authority to conduct an assessement of the Walter U.K. Group in order 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.

XI. STAY EXTENSION

46. In order to run the SISP and continue to provide the Walter Canada Group with time required to restructure, the proposed Order requests the extension of the Initial Order Stay Period to April 5, 2016.

47. As the Phase 1 LOI Deadline (as defined in the SISP) is March 18, 2016, an extension of the stay to April 5, 2016 would provide sufficient time for the Financial Advisor to solicit, and the CRO (in consultation with the Monitor and the Financial Advisor) to consider, any letters of intent received and if the CRO (in consultation with the Monitor and the Financial Advisor) deems it advisable, continue to Phase 2 of the SISP.

48. I understand that the Monitor, in its first report to the Court (the "**Monitor's First Report**"), will report that the Walter Canada Group is anticipated to have sufficient operating cash to continue operations throughout the requested Stay Period and to commence the first stage of the SISP. I am advised that a copy of the Walter Canada Group's updated cash flow statement will be attached to the Monitor's First Report and reflects the changes in cash resulting from the collateralization of the letters of credit. It is my understanding that the Monitor supports the extension of the Stay Period.

49. An extension of the Stay Period through to April 5, 2016 will provide the CRO, the Financial Advisor and the Monitor with the best opportunity in the circumstances to seek a going concern outcome for the Walter Canada Group to avoid a need to wind-down the Walter Canada Group's operations and commence reclamation of the Walter Canada Group's mines.

50. I believe that the Walter Canada Group has been acting in good faith and with due diligence in these proceedings. I believe it is in the best interests of the Walter Canada Group and all their stakeholders that the Stay Period be extended to April 5, 2016, and that the other relief requested herein is appropriate in the circumstances.

SWORN BEFORE ME at Birmingham, Alabama, United States, on December 31, 2015.

A Notary Public in the State of Alabama

WILLIAM G. HARVEY

CHRISTY M. CHRISENBERRY
Notary Public - State of Alabama
My Commission Expires
March 10, 2017

CHRISTY M. CHRISENBERRY NOTARY PUBLIC MY COMMISSION EXPIRES March 10, 2017 STATE OF ALABAMA

This is Exhibit **"A"** referred to in Affidavit #2 of **William G. Harvey** sworn December 31, 2015 at Birmingham, Alabama, United States.

Christy M. Chrisenberry

A Notary Public in the State of Alabama

CHRISTY M. CHRISENBERRY
Notary Public - State of Alabama
My Commission Expires
March 10, 2017

CHRISTY M. CHRISENBERRY MY COMMISSION EXPIRES NOTARY PUBLIC March 10, 2017 STATE OF ALABAMA

CASH COLLATERAL AGREEMENT

THIS AGREEMENT dated as of _____, 201[5]

AMONG:

THE BANK OF NOVA SCOTIA

(hereinafter called "**Account Bank**")

AND:

MORGAN STANLEY SENIOR FUNDING, INC.

as administrative agent and collateral agent for and on behalf of itself and the other Lenders (hereinafter called the "**Agent**")

AND:

WALTER ENERGY CANADA HOLDINGS, INC.

(hereinafter called "**Borrower**")

AND:

BRULE COAL PARTNERSHIP

(hereinafter called "**Guarantor**")

WHEREAS the Borrower, the Agent, and the Lenders have entered into the Credit Agreement which provides, *inter alia*, for financing for the Borrower by the Lenders as contemplated therein;

AND WHEREAS pursuant to that certain Canadian Guarantee and Collateral Agreement dated as of April 1, 2011, as amended and restated by the Amended and Restated Canadian Guarantee and Collateral Agreement dated as of July 31, 2012, the Guarantor guaranteed, *inter alia*, the Borrower's obligations under the Credit Agreement and constitutes a Canadian Subsidiary Guarantor thereunder;

AND WHEREAS an Order Made After Application, dated as of December 7, 2015, has been entered with the Supreme Court of British Columbia on such date as document no. S-1510120 in the Vancouver Registry, 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 certain other parties identified therein (as the same may be amended, varied, supplemented, restated, renewed or replaced at any time and from time to time, the "**Order**");

AND WHEREAS in accordance with the remedies afforded to the Agent under the Credit Agreement and pursuant to paragraphs 13 and 21(v) of the Order, the Agent has required that the Borrower fully cash collateralize each outstanding Letter of Credit listed on Schedule A hereto (the "**Canadian Letters of Credit**") in a manner consistent with the terms of the Credit Agreement;

AND WHEREAS in order to effect the cash collateralization of the Canadian Letters of Credit, the Guarantor has established account no. [•] (including any renewals or rollovers thereof, any successor or substitute deposit account(s) including, without limitation, any such deposit account as it may have been renumbered or retitled, any proceeds thereof (including without limitation any interest paid thereon), and any general intangibles and choses in action arising therefrom or related thereto, collectively, the "**Account**") with the Account Bank.

NOW THEREFORE in order for the Borrower and the Guarantor to comply with the requirements of the Credit Agreement and the Order, and in consideration of the reciprocal obligations herein provided and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto, each of the Account Bank, the Borrower and the Guarantor agree as follows:

1. **Definitions**. In this Agreement, unless there is something in the subject matter or context inconsistent therewith, all capitalized terms used herein which are not otherwise defined herein shall have the meanings ascribed thereto in the Credit Agreement. In addition, the following terms shall have the following meanings:

   (a) "**Credit Agreement**" means the credit agreement dated as of April 1, 2011 entered into between the Borrower, as Canadian Borrower, Walter Energy, Inc., as U.S. Borrower, the Agent, as administrative agent for the Lenders, and the Lenders, as lenders, as the same may be amended, varied, supplemented, restated, renewed or replaced at any time and from time to time;

   (b) "**LC Indebtedness**" means any and all existing and future indebtedness and liabilities of every kind, nature and character, direct or indirect, absolute or contingent, liquidated or unliquidated, voluntary or involuntary and whether for principal, interest, premiums, fees, indemnities, damages, costs, expenses or otherwise, of the Borrower and the Canadian Subsidiary Guarantors to the Account Bank in its capacity as Issuing Bank in respect of the Canadian Letters of Credit pursuant to the Credit Agreement, arising out of or in connection with the Canadian Letters of Credit as from time to time amended by agreement between the Account Bank and the Borrower, any reimbursement, indemnity or similar agreements given by the Borrower or any Canadian Subsidiary Guarantor to the Account Bank in connection with the Canadian Letters of Credit (including all renewals, extensions, amendments, refinancings and other modifications thereof) pursuant to the Credit Agreement, and all costs, attorneys' fees and expenses incurred by the Account Bank in connection with the collection or enforcement thereof that are recoverable pursuant to the terms of the Credit Agreement, and whether recovery upon such indebtedness and liabilities may be or hereafter become unenforceable or shall be an allowed or disallowed claim under any proceeding or case commenced by or against the Borrower or any Canadian Subsidiary Guarantor under Canadian Insolvency Law

or the Bankruptcy Code, any successor statute or any other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of Canada, the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally, and including interest that accrues after the commencement by or against the Borrower of any proceeding thereunder pursuant to the terms of the Credit Agreement. The Account Bank's books and records showing the amount of the LC Indebtedness shall be admissible in evidence in any action or proceeding, and shall be binding upon the Borrower and the Canadian Subsidiary Guarantors and conclusive for the purpose of establishing the amount of the LC Indebtedness; and

(c) "**Lenders**" means all Persons who from time to time are Lenders under the Credit Agreement including the successors and assigns of all such entities including, without limitation, each successor arising as a result of an amalgamation or other corporate reorganization or as a result of a partnership being dissolved and a new partnership constituted in its place to carry on its business or one or more members of a partnership being replaced with new members.

2. **Reaffirmation of Security Interest**. The Borrower and the Guarantor hereby irrevocably and unconditionally agree, acknowledge and reaffirm that the Account is subject to the existing first-ranking security interest in favour of the Agent, for the benefit of the RL Lenders, in respect of the Canadian Letters of Credit, granted pursuant to the existing Security Documents. The parties acknowledge and agree that the Agent or the Account Bank may take whatever action it considers appropriate and necessary to protect and enforce its rights respecting the Account, including completion and registration of any documents or financing statements in order to perfect any security interests in the Account, provided, however that the security interest in the Account granted under the Security Documents shall rank in priority to all other security interests under applicable personal property security legislation, and any and all assignments or other security granted under the Bank Act (Canada), any existing charges created under any order of a Court of competent jurisdiction (including without limitation any charges created pursuant to the Order) and all other security interests, assignments, liens, mortgages, charges and encumbrances and claims of secured creditors, statutory or otherwise, that have been consented to by the Borrower or any of the Canadian Subsidiary Guarantors, notwithstanding any failure to make any further filings, registrations or other perfection steps with respect to the Agent's security interests in the Account.

3. **Authority**. The Guarantor shall not withdraw funds from the Account without the prior written consent of the Account Bank and the Agent.

4. **Account Transfers**. Upon any drawing under a Canadian Letter of Credit, the Account Bank shall notify the Guarantor, the Borrower and the Agent of such drawing, and the Account Bank shall apply, without notice, funds in the Account to reimburse itself in its capacity as Issuing Bank for such drawing.

5. **Return of Collateral**. Upon the expiration or cancellation of any Canadian Letter of Credit that is undrawn, the Account Bank shall, upon Borrower's payment of any unpaid fees due and owing in respect of such Canadian Letter of Credit, return to the Guarantor the portion of the collateral pledged hereunder relating to such Canadian Letter of Credit. The Account Bank may at any time deliver the collateral or any part thereof to the Guarantor and the receipt by the Guarantor of such collateral shall be a complete and full acquittance for the collateral so delivered, and the Account Bank shall thereafter be discharged from any liability or responsibility therefor.

6. **Amount on Deposit**. The initial deposit amount into the Account shall be C$22,570,404.00

7. **Compliance with Court Order**. Notwithstanding any other provision contained herein, the Account Bank shall have the right to automatically freeze or debit the Account in accordance with any court order or notice of garnishment received by it, or any other legal requirement with which the Account Bank reasonably determines it is required to comply.

8. **Scope of Duty**. The Account Bank undertakes to perform only such duties as are expressly set forth in this Agreement and to deal with the Account with the degree of skill and care that the Account Bank accords to all accounts and funds maintained and held by it on behalf of its customers. Notwithstanding any other provision of this Agreement, the parties agree that the Account Bank shall not be liable for any action taken by it or any of its directors, officers or employees in accordance with this Agreement except for its or their own gross negligence or willful misconduct. In no event shall the Account Bank be liable for losses or delays resulting from *force majeure*, computer malfunctions, interruption of communication facilities or other causes beyond the Account Bank's control or for indirect or consequential damages.

9. **Termination**. This Agreement shall remain in full force and effect until (i) terminated by the Account Bank by written notice to the Borrower and the Guarantor or (ii) such time as no Canadian Letter of Credit remains outstanding for a period of five (5) business days and the Account Bank has returned the balance of the funds in the Account, if any, to the Guarantor at its request.

10. **Amendments**. No change or modification of this Agreement is binding upon the parties unless it is in writing and signed by the Borrower, the Guarantor, the Agent and the Account Bank.

11. **Successors and Assigns**. This Agreement shall be binding upon the Borrower and the Guarantor and their respective successors and assigns (except that the Borrower and the Guarantor may not assign its rights and obligations under this Agreement) and enure to the benefit of the Account Bank and the Agent and their respective successors and assigns.

12. **Indemnity**. The Borrower and the Guarantor shall indemnify and hold harmless the Account Bank, its employees, officers and directors from and against any and all loss, liability, cost, claim and expense incurred (including, without limitation, reasonable legal fees and expenses) by the Account Bank, its employees, officers and directors with respect to the performance of this Agreement, including, without limitation, claims that the Account

Bank was not properly authorized to transfer credit balances from the Accounts to the Agent Account, except for such loss, liability, cost, claim and expense incurred as a result of gross negligence or willful misconduct of the Account Bank.

13. **Notices**. Any notices or instructions permitted or required pursuant to this Agreement shall be in writing and shall be delivered to the party for which it is intended by registered mail (postage prepaid), prepaid courier or facsimile to the address of such party indicated below, or at such other address as any party hereto may stipulate by notice to the other parties from time to time. Any notice sent by registered mail shall be deemed to be received by the party for which it is intended five (5) business days after mailing. Any notice delivered by prepaid courier shall be deemed to be received by the party for which it is intended on the date of actual delivery thereof if such delivery occurs prior to 5:00 p.m. on such business day and, otherwise, on the next following business day. Any notice sent by facsimile shall be deemed to be received by the party for which it is intended on the next business day following transmission. The addresses for notice of the parties are as follows:

Account Bank:

BANK OF NOVA SCOTIA
Toronto BSC47696
20 Queen Street West, 4th Floor
Toronto, ON M5H 3R3 CANADA

Attn: Mgr Client Services MAG-BSCTCORPLN

Telephone No.: 1-888-855-1234
Facsimile No.: 416-288-3504

Agent:

Morgan Stanley Senior Funding, Inc.
1585 Broadway
New York, NY 10036

Attention: Steve King

Telephone No.: 212-761-3915
Email: Stephen.B.King@morganstanley.com

Borrower and Guarantor:

Walter Energy Canada Holdings, Inc. / Brule Coal Partnership
P.O. Box 2140
235 Front Street, Unit 200
Tumbler Ridge, BC V0C 2W0

Attention: Al Kangas

Telephone No. : 250-742-3764 ext 2009
Email: al.kangas@walterenergy.com

with a copy to

Osler, Hoskin & Harcourt LLP
100 King Street West
1 First Canadian Place
Toronto, ON M5X 1B8

Attention: Marc Wasserman and Patrick Riesterer

Telephone No. : 416-862-4908 / 416-862-5947
Email: mwasserman@osler.com and priesterer@osler.com

14. **Severability**. If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision and the remainder of this Agreement shall continue in full force and effect.

15. **Further Assurances**. The parties agree that each of them shall, upon reasonable request of the other, do, execute, acknowledge and deliver such acts, deeds and agreements as may be necessary or desirable to give effect to the terms of this Agreement.

16. **Counterparts**. This Agreement may be executed in counterparts. Each executed counterpart shall be deemed to be an original and all counterparts taken together shall constitute one and the same Agreement. Delivery of an executed signature page to this Agreement by any Person by facsimile transmission shall be as effective as delivery of a manually executed copy of this Agreement by such Person.

17. **Governing Law**. This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

18. **Jurisdiction**. Without prejudice to the ability of the Account Bank and the Agent to enforce this Agreement in any other proper jurisdiction, the Borrower and the Guarantor irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario. To the extent permitted by applicable law, the Borrower and the Guarantor irrevocably waive any objection (including any claim of inconvenient forum) that it may now or hereafter have to the venue of any legal proceeding arising out of or relating to this Agreement in the courts of such Province. In addition, the Borrower and the Guarantor irrevocably waive, to the

fullest extent permitted by applicable law (a) any objection which it may now or hereafter have to the laying of venue of any action, suit or proceeding brought in any court referred to in this Section 18; and (b) any claim that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto on the day and year first above written.

THE BANK OF NOVA SCOTIA, as Account Bank

Per: _____
Name:
Title:

MORGAN STANLEY SENIOR FUNDING, INC., as Agent

Per: _____
Name:
Title:

WALTER ENERGY CANADA HOLDINGS, INC., as the Borrower

Per: _____
Name:
Title:
Per: _____
Name:
Title:

BRULE COAL PARTNERSHIP, as the Guarantor

Per: _____
Name:
Title:
Per: _____
Name:
Title:

SCHEDULE A

CANADIAN LETTERS OF CREDIT

Issuing Bank	Beneficiary	Reference Number	Amount Outstanding (C$)
The Bank of Nova Scotia	Ministry of Finance, Forest Revenue Operations (Victoria)	S01800/345699	$42,000
The Bank of Nova Scotia	Her Majesty the Queen in right of the Province of British Columbia	S01800/342066	$3,350,000
The Bank of Nova Scotia	Her Majesty the Queen in right of the Province of British Columbia	S01800/342067	$34,000
The Bank of Nova Scotia	Ministry of Finance, Forest Revenue Operations (Victoria)	S01800/345721	$62,180
The Bank of Nova Scotia	Ministry of Finance, Forest Revenue Operations (Victoria)	S01800/345722	$1,067,064
The Bank of Nova Scotia	Ministry of Finance, Forest Revenue Operations (Victoria)	S01800/345720	$157,250
The Bank of Nova Scotia	Her Majesty the Queen in right of the Province of British Columbia	S01800/342064	$45,000
The Bank of Nova Scotia	Her Majesty the Queen in right of the Province of British Columbia	S01800/342054	$40,000
The Bank of Nova Scotia	Her Majesty the Queen in right of the Province of British Columbia	S01800/342057	$6,000,000
The Bank of Nova Scotia	Her Majesty the Queen in right of the Province of British Columbia	S01800/341985	$45,000
The Bank of Nova Scotia	Her Majesty the Queen in right of the Province of British Columbia	S01800/342053	$11,500,000
The Bank of Nova Scotia	Her Majesty the Queen in right of the Province of British Columbia	S01800/342039	$55,000
The Bank of Nova Scotia	Her Majesty the Queen in right of the Province of British Columbia	S01800/342070	$10,000
The Bank of Nova Scotia	Her Majesty the Queen in right of the Province of British Columbia	S01800/3420080	$45,000
The Bank of Nova Scotia	Her Majesty the Queen in right of the Province of British Columbia	S01800/342065	$15,000.
The Bank of Nova Scotia	Her Majesty the Queen in right of the Province of British Columbia	S01800/342037	$33,000
The Bank of Nova Scotia	Her Majesty the Queen in right of the Province of British Columbia	S01800/342043	$55,000
The Bank of Nova Scotia	Her Majesty the Queen in right of the Province of British Columbia	S01800/345136	$15,000

This is Exhibit **"B"** referred to in Affidavit #2 of **William G. Harvey** sworn December 31, 2015 at Birmingham, Alabama, United States.

Christy M. Chrisenberry

A Notary Public in the State of Alabama

CHRISTY M. CHRISENBERRY
Notary Public - State of Alabama
My Commission Expires
March 10, 2017

大成DENTONS

Tevia Jeffries

tevia.jeffries@dentons.com
D +1 604 691 6427

Dentons Canada LLP
20th Floor, 250 Howe Street
Vancouver, BC, Canada V6C 3R8

大成 Salans FMC SNR Denton McKenna Long
dentons.com

December 22, 2015

File No.: 564818-1

SENT VIA E-MAIL: mary.buttery@dlapiper.com; MWasserman@osler.com; atillman@kpmg.ca; Peter.Reardon@mcmillan.ca

Counsel for the Petitioners
DLA Piper (Canada) LLP
Suite 2800, Park Place
666 Burrard St
Vancouver, BC V6C 2Z7

Attention: Ms. Mary I. A. Buttery

Counsel for the Petitioners
Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, ON M5X 1 B8

Attention: Marc Wasserman

Monitor
KPMG LLP
Pacific Centre
6th Floor
777 Dunsmuir Street
PO Box 10426
Vancouver, BC V7Y 1K3

Attention: Anthony J. Tillman

Counsel for the Monitor
McMillan LLP
Royal Centre, 1055 West Georgia Street
Suite 1500, PO Box 11117
Vancouver, BC V6E 4N7

Attention: Peter Reardon

RE: In the Matter of the *CCAA and in the Matter of a Plan of Compromise or Arrangement of Walter Energy Canada Holdings, Inc. and Other Petitioners*
SCBC Action No. S-1510120 (Vancouver Registry)

We refer to the above CCAA proceedings and advise that we are Canadian counsel to the United Mine Workers of America 1974 Pension Plan and Trust (the "**1974 Plan**"). As you may be aware, the 1974 Plan filed proofs of claim in the Chapter 11 proceedings of Walter Energy, Inc. and Jim Walter Resources, Inc. ("**JWR**") for not less than US$904 million, in respect of unpaid pre-petition monthly pension contributions and the "withdrawal liability" of participating employers in the 1974 Plan.

Pursuant to the *Employee Retirement Income Security Act of 1974*, 29 USC §§ 1001 *et seq.*, as amended ("**ERISA**"), JWR is a "contributing employer" with respect to contributions to the UMWA 1974 Pension Plan. If JWR ceases to contribute to, and withdraws from, the 1974 Pension Plan, JWR will be liable for "withdrawal liability" representing JWR's proportionate share of the 1974 Pension Plan's unfunded vested benefits. The withdrawal liability claim is currently contingent, but it will become fixed upon a withdrawal by JWR from the 1974 Pension Plan.

Pursuant to U.S. law, the withdrawal liability obligation is joint and several among all entities belonging to the same "control group" as JWR, including Walter's Canadian and UK subsidiaries. Thus, each Canadian debtor in the above-referenced CCAA proceedings is liable for the full amount of withdrawal liability if JWR withdraws from the 1974 Plan.

Last week, the U.S. Bankruptcy Court held a hearing on the motion of Walter's U.S. debtors to reject their collectively bargained and certain other retiree health obligations under sections 1113 and 1114 of the U.S. Bankruptcy Code (the "**1113/1114 Motion**"). Pursuant to the U.S. Bankruptcy Code, the Bankruptcy Court has 30 days from the commencement of the 1113/1114 hearing – in this case, until January 14, 2016 – to issue a decision on the relief requested in the Motion.

JWR's withdrawal from the 1974 Plan is anticipated to occur if (i) the Bankruptcy Court grants the 1113/1114 Motion; (ii) JWR rejects its collectively bargained obligations with the United Mine Workers of America; and (iii) the parties do not reach a settlement prior to the effectiveness of the rejection that contemplates a different result.

As a result of the anticipated withdrawal of JWR from the 1974 Plan, the 1974 Plan has one of the largest, if not the largest, claim in the above-referenced CCAA proceedings. We respectfully request to be kept apprised of all developments in this Action and that the following to be added to the service list in the above-noted proceedings:

- John R. Sandrelli (john.sandrelli@dentons.com);
- Tevia Jeffries (tevia.jeffries@dentons.com);
- Miriam Domínguez (miriam.dominguez@dentons.com);

We also request that the following US counsel for the 1974 Plan be added to the service list:

- Morgan Lewis & Bockius LLP
  One Federal St.
  Boston, MA 02110-1726
  United States
  Tel: 1.617.951.8422
  Att.: Julia Frost-Davies (julia.frost-davies@morganlewis.com)

- Morgan Lewis & Bockius LLP
  1701 Market St.
  Philadelphia, PA 19103-2921
  United States
  Tel: 1.215.963.5020
  Att.: John C. Goodchild, III (jgoodchild@morganlewis.com); Rachel Jaffe Mauceri (rmauceri@morganlewis.com)

We understand from the materials filed in the CCAA proceedings that a hearing has been scheduled for January 5, 2016. We respectfully request that materials for that hearing be served in a timely manner if substantive relief beyond an extension of the stay is being requested.

Yours truly,
Dentons Canada LLP

Tevia Jeffries

TJ/md

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8
416.362.2111 MAIN
416.862.6666 FACSIMILE

OSLER

Toronto
Montréal
Calgary
Ottawa
Vancouver
New York

December 23, 2015

Patrick Riesterer
Direct Dial: 416.862.5947
PRiesterer@osler.com
Our Matter Number: 1164807

Sent By Electronic Mail

Dentons Canada LLP
20th Floor, 250 Howe Street
Vancouver, BC V6C 3R8

Attention: Tevia Jeffries

Dear Ms. Jeffries:

In the matter of the CCAA proceedings of Walter Energy Canada Holdings, Inc., et al, SCBC Action No. S-1510120

We are in receipt of your letter of December 22, 2015. All capitalized terms used but not defined herein have the meanings given in your letter.

The alleged claim of the 1974 Plan referenced in your letter has not been investigated by Walter Energy Canada Holdings, Inc. or its Canadian subsidiaries ("Walter Canada") or reviewed by the Monitor and may not be a claim provable against Walter Canada or its foreign subsidiaries (collectively, the "Walter Non-US Group"). In addition, we understand that the alleged claim is contingent upon JWR withdrawing from the 1974 Plan pursuant to the 1113/1114 Motion or otherwise. We understand that the U.S. Bankruptcy Court has not yet granted the 1113/1114 Motion and no other steps have been taken to cause JWR to withdraw from the 1974 Plan. As such, the 1974 Plan does not currently have any claim to allege against the Walter Non-US Group.

Walter Canada is not prepared at this time to accept the validity of the claim allegedly held by the 1974 Plan without further analysis and investigation. If a claims procedure is established in these CCAA proceedings, your client will be provided an opportunity to prove any claim it may have against Walter Canada. Walter Canada and the Monitor will review any proof of claim submitted in accordance with such claims procedure.

Notwithstanding the foregoing, we will include you and your US co-counsel on the service list for this matter going forward and will be happy to discuss this matter with you

as the CCAA proceedings progress.

Yours very truly,

Patrick Riesterer
Associate

PR:mv

c: Marc Wasserman, *Osler, Hoskin & Harcourt LLP*
Mary Buttery, *DLA Piper (Canada) LLP*
Anthony Tillman, *KPMG Inc.*
Peter Reardon, *McMillan LLP*

大成 DENTONS

Tevia Jeffries

tevia.jeffries@dentons.com
D +1 604 691 6427

Dentons Canada LLP
20th Floor, 250 Howe Street
Vancouver, BC, Canada V6C 3R8

大成 Salans FMC SNR Denton McKenna Long
dentons.com

December 29, 2015

File No.: 564818-1

Sent via E-mail: PRiesterer@osler.com

Counsel for the Petitioners
Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, ON M5X 1 B8

Attention: Patrick Riesterer

RE: In the Matter of the *CCAA and in the Matter of a Plan of Compromise or Arrangement of Walter Energy Canada Holdings, Inc. and Other Petitioners*
SCBC Action No. S-1510120 (Vancouver Registry)

Dear Mr. Riesterer:

We refer to your letter dated December 23, 2015. We thank you for including us and US co-counsel on the service list for this matter.

We acknowledge that Walter Canada, as defined in your letter, has not yet investigated the claim of the 1974 Plan. We look forward to discussing this matter with you as the CCAA proceedings progress. We note that the U.S. Bankruptcy Court granted the Chapter 11 Debtors' 113/114 Motion on December 28, 2015, and found as fact that the Debtors are seeking to reject their collective bargaining agreements upon the closing of the proposed sale, in respect of which there is a hearing scheduled in the U.S. Bankruptcy Court on January 6, 2016.

We note that your email to the service list dated December 23, 2015, indicates that you intend to seek a significant substantive relief at the hearing scheduled on January 5, 2016, including an extension of the stay period for an additional 90 days, approval of a sales and investment solicitation process in respect of the Walter Canada Group and its assets, approval of a key employee retention plan (including a super-priority charge to secure same) and certain other relief. We look forward to timely delivery of your materials this week and reserve our right to request an adjournment if materials are not timely served.

Yours truly,
Dentons Canada LLP

Tevia Jeffries

TJ/md

19408891_1|NATDOCS

Cc: Counsel for the Petitioners
Attn: Marc Wasserman, Osler, Hoskin & Harcourt LLP (MWasserman@osler.com)

Counsel for the Petitioners
Attn: Mary Buttery, DLA Piper (Canada) LLP (mary.buttery@dlapiper.com)

Monitor
Attn.: Anthony Tillman, KP MG Inc. (atillman@kpmg.ca)

Counsel for the Monitor
Attn.: Peter Reardon, McMillan LLP (Peter.Reardon@mcmillan.ca)

This is Exhibit **"C"** referred to in Affidavit #2 of **William G. Harvey** sworn December 31, 2015 at Birmingham, Alabama, United States.

Christy M. Chrisenberry

A Notary Public in the State of Alabama

CHRISTY M. CHRISENBERRY
Notary Public - State of Alabama
My Commission Expires
March 10, 2017

CHRISTY M. CHRISENBERRY
MY COMMISSION EXPIRES
NOTARY
PUBLIC
March 10, 2017
STATE OF ALABAMA

BILL OF SALE

THIS BILL OF SALE is made the 29 day of December, 2015.

BETWEEN:

BRULE COAL PARTNERSHIP
(collectively, the "**Vendor**")

– and –

JIM WALTER RESOURCES, INC.
(the "**Purchaser**", and together with the Vendor, the "**Parties**")

WHEREAS:

A. Certain Canadian affiliates of the Vendor (collectively, "**Walter Energy Canada**") were granted creditor protection under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") pursuant to an Initial Order of the Supreme Court of British Columbia (the "**Court**") dated December 7, 2015 (the "**Initial Order**") and KPMG Inc. was appointed as the Monitor in the CCAA proceedings.

B. Walter Energy Canada obtained the Court's authorization to have the CCAA stay of proceedings extended to the Vendor as part of the CCAA proceedings.

C. The Vendor desires to sell, and the Purchaser desires to purchase, one (1) bulldozer as identified on Schedule "A" hereto, (the "**Purchased Asset**") on the terms and conditions set out herein and in accordance with the terms of the Initial Order.

D. The Court authorized the entering into of a Bill of Sale in accordance with the terms of the Initial Order, *inter alia*, (i) vesting the Purchased Asset in the Purchaser free and clear of any encumbrances except for the Equipment Charge (as defined below) upon the issuance of the Monitor's First Certificate (as defined below) in accordance with the terms of the Initial Order; (ii) granting the Vendor a Court-ordered first-ranking charge on the Purchased Asset in an amount equal to the Purchase Price (as adjusted) until payment by the Purchaser of same; and (iii) reverting ownership of the Purchased Asset back to the Vendor in the event that the Purchase Price is not received by the Vendor within 90 days of the date of this Bill of Sale.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Purchase and Sale. Upon the execution of this Bill of Sale, the Vendor hereby agrees to sell, convey, assign, transfer and set over unto the Purchaser all of the Vendor's right, title and interest in and to the Purchased Asset on an "as is, where is" basis for the amount of USD $465,000 (the "**Purchase Price**"), to have and to hold such Purchased Asset, unto and to the use of the Purchaser and its successors (including any successor by reason of amalgamation) and permitted assigns, to and for its sole and only use forever (the "**Transfer**"), provided that the sale and enforcement of the Transfer is subject to and conditional upon the delivery of a first Monitor's certificate to the Purchaser in

accordance with the terms of the Initial Order (the **"First Monitor's Certificate"**). Following the execution of this Bill of Sale, the Parties may, by mutual written agreement, elect to increase the quantum of the Purchase Price to meet or exceed any other offer received by the Vendor and the Monitor as a result of any further marketing of the Purchased Asset required by the Court. The Purchase Price constitutes payment in full for the Purchased Asset. The Parties agree that the Purchase Price is exclusive of all applicable taxes (including, but not limited to, sales and transfer taxes).

2. Method of Payment. A portion of the Purchase Price equal to USD $250,000 (the **"First Installment"**) shall be paid by the Purchaser to the Monitor on behalf of the Vendor one business day following the date upon which the First Monitor's Certificate is delivered to the Purchaser (the **"Certificate Date"**). The Purchase Price, less the amount of the First Installment, (the **"Second Installment"**) shall be paid by the Purchaser to the Monitor on behalf of the Vendor on or before the day that is 60 days following the Certificate Date. In the event that the full Purchase Price has not been paid by the Purchaser by the 60th day following the Certificate Date, the Purchaser agrees that it shall pay interest on all overdue amounts at a rate of 18% per annum. In the event that the Second Installment is not paid to the Vendor by the 90th day following the date of this Bill of Sale, the First Installment shall be retained by the Vendor as liquidated damages and not as a penalty. Notwithstanding the foregoing, the Purchaser shall continue to be obligated to pay the entire Purchase Price to the Vendor, plus accrued interest thereon, and any and all costs (including all legal and court costs) associated with obtaining any necessary approvals at that time, until the day that is 5 days after the Vendor notifies the Purchaser that an alternative buyer for the Purchased Asset has been found. Both the First Installment and the Second Installment shall be payable by way of wire transfer of immediately available funds from the Purchaser to the Monitor, on behalf of the Vendor, in accordance with the wire transfer instructions set out on Schedule "B" hereto.

3. Taxes. The Purchaser shall be responsible for and shall pay all applicable taxes (including, but not limited to, all sales and transfer taxes, registration charges and transfer fees, including the goods and services/harmonized sales tax imposed under Part IX of the *Excise Tax Act* (Canada) and any similar value added or multi-staged tax imposed under applicable provincial legislation) in respect of the purchase and sale of the Purchased Asset under this Bill of Sale.

4. Transfer of the Purchased Asset. The Vendor shall arrange for the delivery of the Purchased Asset to the Purchaser and the Purchaser shall pay any and all of the fees, costs and expenses associated with the delivery of the Purchased Asset to the Purchaser, including, for greater certainty, any fees, costs and expenses relating to the removal, transportation and shipment thereof (including, but not limited to, the transportation costs set out on Schedule "A" hereto which are included in the Purchase Price) and any and all costs associated with obtaining any Environmental Protection Agency compliance certificates or approvals (**"EPA Certificates"**) necessary for delivery of the Purchased Asset to the Purchaser. The failure by the Purchaser to obtain the EPA Certificates shall not modify or amend the Purchaser's rights and obligations hereunder (including the Purchaser's obligation to remit the entire Purchase Price to the Vendor) provided however that the Purchaser may direct the Vendor to deliver the Purchased Asset to another location that the Purchaser may specify provided that the Purchased Asset can

lawfully be delivered to such place. Notwithstanding that the Transfer of the Purchased Asset to the Purchaser shall occur upon the delivery of the First Monitor's Certificate to the Purchaser, the Purchaser shall not be entitled to take possession of the Purchased Asset until the Purchaser has transferred and the Vendor has received the Purchase Price from the Purchaser. In accordance with the terms of the Initial Order, ownership of the Purchased Asset shall revert back to the Vendor in the event that the entire Purchase Price is not received by the Vendor within 90 days following the date of the Bill of Sale.

5. Security Interest. To secure the Purchaser's payment of the Purchase Price to the Vendor, the Purchaser hereby grants the Vendor a first-lien security interest in the Purchased Asset including all accretions, substitutions, replacements, additions and accessions to any of them and all proceeds of any of the foregoing, upon the execution of this Bill of Sale and the delivery of the Monitor's First Certificate (the "**Security Interest**"). The Purchaser acknowledges that value has been given and that the Security Interest granted herein shall attach to the Purchased Asset upon the execution by the Parties of this Bill of Sale and the delivery of the Monitor's First Certificate. The Purchaser further acknowledges that Walter Energy Canada has obtained an Initial Order which, *inter alia*, grants the Vendor a Court-ordered first-ranking charge on the Purchased Asset in an amount equal to the Purchase Price until payment by the Purchaser of same (the "**Equipment Charge**"). Following receipt of the entire Purchase Price by the Vendor, the Equipment Charge will be extinguished automatically upon delivery of a second Monitor's certificate to the Purchaser certifying that payment has been made (the "**Second Monitor's Certificate**").

6. "As Is, Where Is". The Purchaser acknowledges that the Purchased Asset is being purchased on an "as is, where is" basis and that no representations, warranties or conditions, statements, understandings or agreements, expressed or implied, in law or in equity, by statute or otherwise, have been made by the Vendor or exist with respect to or in connection with the Purchased Asset, their description, fitness for any purpose, merchantability, quality, state, condition, location, value, the validity or enforceability of rights, any requirement for licenses, permits, approvals, consents for ownership, occupation or use, compliance with any government laws, regulations, by-laws and orders or in respect of any other matter or thing whatsoever and any and all conditions and warranties expressed or implied by the *Sale of Goods Act* (British Columbia) and any other applicable legislation do not apply to the sale of the Purchased Asset and are hereby waived by the Purchaser. The Purchaser acknowledges that it has conducted, and shall be deemed to have entirely relied on, its own inspection and investigation in proceeding with the purchase of the Purchased Asset and accepts the same in their present state, condition and location.

7. Risk of Loss and Insurance. From and after the delivery of the First Monitor's Certificate to the Purchaser, the Purchased Asset shall be at the risk of the Purchaser regardless of where the Purchased Asset are situate and the Purchaser shall be responsible for obtaining any and all insurance with respect to the Purchased Asset. The Purchaser hereby indemnifies and holds the Vendor and their agents and representatives harmless from any claims, losses, expenses, penalties damages and liabilities of any kind or nature which the Vendor may be required to pay for personal injury (including death) or any property damage suffered by any person which the Vendor or their agents and

representatives may at any time sustain for reasons that include but are not limited to the operation, handling or transportation of the equipment after the issuance of the Monitor's First Certificate, which indemnity shall survive the execution of this Bill of Sale.

8. Performance. Following the delivery of the First Monitor's Certificate to the Purchaser, the Purchaser shall perform all of its obligations hereunder, including its obligation to remit the First Installment and the Second Installment to the Vendor. Following the delivery of the Second Monitor's Certificate to the Purchaser, the Vendor shall perform all of its obligations hereunder, including its obligation to deliver the Purchased Asset to the Purchaser, provided that the Purchaser shall pay all costs associated with such delivery and shall obtain any required EPA Certificates and provided further that the Vendor shall not incur any liability for failure to perform as a result of force majeure.

9. General.

(a) The provisions hereof will enure to the benefit of and be binding upon the Parties and their respective successors (including any successor by reason of amalgamation of any Party) and permitted assigns.

(b) This Bill of Sale is made under and shall be governed by and construed in accordance with the law of the Province of British Columbia and the federal laws of Canada applicable in the Province of British Columbia.

(c) This Bill of Sale may be executed by the Parties in counterparts and may be executed and delivered by facsimile or e-mail (PDF) and all the counterparts, facsimiles and PDFs shall together constitute one and the same agreement.

[Remainder of Page Intentionally Left Blank]

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

JIM WALTER RESOURCES, INC.

By: _____

Name: Michael Coffey

Title: Vice President & Treasurer

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

BRULE COAL PARTNERSHIP by its general partner, WALTER CANADIAN COAL PARTNERSHIP, by its general partner, WALTER ENERGY CANADA HOLDINGS, INC.

By: _____

Name: ALLAN KANGAS

Title: V.P.

Schedule "A"

Purchased Asset

Bulldozer Type	Asset Number	Serial Number	Asset Price (USD)	Vendor	Transportation Costs (USD)[1]
2011 Caterpillar 834H Wheel Dozer	25209	CAT0834HPBTX01082	$375,000	Brule Coal Partnership	$90,000 plus GST

[1] Notwithstanding that the Purchaser shall pay for all transportation costs, the Vendor shall arrange for such transportation.

Schedule "B"

Wire Transfer Instructions

(See attached)

BILL OF SALE

THIS BILL OF SALE is made the _____ day of December, 2015.

BETWEEN:

~~WILLOW CREEK COAL PARTNERSHIP and~~ **BRULE COAL PARTNERSHIP**
(collectively, the "**Vendors**")

– and –

JIM WALTER RESOURCES, INC.
(the "**Purchaser**", and together with the Vendors, the "**Parties**")

WHEREAS:

A. Certain Canadian affiliates of the ~~Vendors'~~Vendor (collectively, "**Walter Energy Canada**") ~~intend to apply for~~were granted creditor protection under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") ~~by petition (the "CCAA Application") to~~pursuant to an Initial Order of the Supreme Court of British Columbia (the "**Court**") dated December 7, 2015 (the "**Initial Order**") and KPMG Inc. was appointed as the Monitor in the CCAA proceedings.

B. Walter Energy Canada ~~intends to seek~~obtained the Court's authorization to have the CCAA stay of proceedings extended to the Vendors as part of the CCAA ~~Application~~proceedings.

~~B.~~ ~~Prior to the CCAA Application, the Vendors desire~~C. The Vendor desires to sell, and the Purchaser desires to purchase, ~~three (3~~one (1) bulldozers as identified on Schedule "A" hereto, (the "**Purchased Assets**") on the terms and conditions set out herein and in accordance with the terms of the Initial Order.

~~C.~~ ~~Walter Energy Canada intends to obtain the approval of the Court of this Bill of Sale and the transaction contemplated herein as part of the CCAA Application and to seek an order, *inter alia*:~~D. The Court authorized the entering into of a Bill of Sale in accordance with the terms of the Initial Order, *inter alia*, (i) vesting the Purchased Assets in the Purchaser free and clear of any encumbrances except for ~~an~~the Equipment Charge (as defined below) upon the issuance of the Monitor's First Certificate (as defined below) in accordance with the terms of ~~such order~~the Initial Order; (ii) granting the Vendor a Court-ordered first-ranking charge on the Purchased Assets in an amount equal to the Purchase Price (as adjusted) until payment by the Purchaser of same; and (~~i~~iii) reverting ownership of the Purchased Assets back to the Vendors in the event that the Purchase Price is not received by the Vendors within 90 days of the date of ~~such order~~this Bill of Sale.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Purchase and Sale. Upon the execution of this Bill of Sale, the Vendors hereby agrees to sell, convey, assign, transfer and set over unto the Purchaser all of the ~~Vendors'~~Vendor's right, title and interest in and to the Purchased Assets on an "as is, where is" basis for the amount of USD ~~$1,200,000~~465,000 (the "**Purchase Price**"), ~~(it being understood that the Purchase Price may be increased by mutual agreement among the Parties following* the execution of this Bill of Sale*)~~ to have and to hold such Purchased Assets, unto and to the use of the Purchaser and its successors (including any successor by reason of amalgamation) and permitted assigns, to and for its sole and only use forever (the "**Transfer**"), provided that the sale and enforcement of the Transfer is subject to and conditional upon the ~~terms and entry of an Order of the Court, *inter alia*, approving the sale of the Purchased Assets (the "**Initial Order**")~~delivery of a first Monitor's certificate to the Purchaser in accordance with the terms of the Initial Order (the "**First Monitor's Certificate**"). Following* the execution of this Bill of Sale*, the Parties may, by mutual written agreement, elect to increase the quantum of the Purchase Price to meet or exceed any other offer received by the Vendor and the Monitor as a result of any further marketing of the Purchased Asset required by the Court. The Purchase Price constitutes payment in full for the Purchased ~~Assets and shall be allocated to each of the Vendors in accordance with the Purchase Price allocation values set out on Schedule "A" hereto~~Asset. The Parties agree that the Purchase Price is exclusive of all applicable taxes (including, but not limited to, sales and transfer taxes).

2. Method of Payment. ~~The Purchase Price shall be paid within sixty (60)~~A portion of the Purchase Price equal to USD $250,000 (the "**First Installment**") shall be paid by the Purchaser to the Monitor on behalf of the Vendor one business day following the date upon which the First Monitor's Certificate is delivered to the Purchaser (the "**Certificate Date**"). The Purchase Price, less the amount of the First Installment, (the "**Second Installment**") shall be paid by the Purchaser to the Monitor on behalf of the Vendor on or before the day that is 60 days following the Certificate Date. In the event that the full Purchase Price has not been paid by the Purchaser by the 60th day following the Certificate Date, the Purchaser agrees that it shall pay interest on all overdue amounts at a rate of 18% per annum. In the event that the Second Installment is not paid to the Vendor by the 90th day following the date of this Bill of Sale ~~and~~, the First Installment shall be retained by the Vendor as liquidated damages and not as a penalty. Notwithstanding the foregoing, the Purchaser shall continue to be obligated to pay the entire Purchase Price to the Vendor, plus accrued interest thereon, and any and all costs (including all legal and court costs) associated with obtaining any necessary approvals at that time, until the day that is 5 days after the Vendor notifies the Purchaser that an alternative buyer for the Purchased Asset has been found. Both the First Installment and the Second Installment shall be payable by way of wire transfer of immediately available funds from the Purchaser to the ~~Vendors~~Monitor, on behalf of the Vendor, in accordance with the wire transfer instructions set out on Schedule "B" hereto.

3. Taxes. The Purchaser shall be responsible for and shall pay all applicable taxes (including, but not limited to, all sales and transfer taxes, registration charges and transfer fees, including the goods and services/harmonized sales tax imposed under Part IX of the *Excise Tax Act* (Canada) and any similar value added or multi-staged tax imposed under applicable provincial legislation) in respect of the purchase and sale of the Purchased Assets under this Bill of Sale.

4. Transfer of the Purchased Assets. The ~~Purchaser shall be solely responsible for and~~Vendor shall arrange for the delivery of the Purchased Asset to the Purchaser and the Purchaser shall pay any and all of the fees, costs and expenses associated with ~~taking possession~~the delivery of the Purchased ~~Assets~~Asset to the Purchaser, including, for greater certainty, any fees, costs and expenses relating to the removal, transportation and shipment thereof (including, but not limited to, the transportation costs set out on Schedule "A" hereto which are included in the Purchase Price)~~.~~ and any and all costs associated with obtaining any Environmental Protection Agency compliance certificates or approvals ("**EPA Certificates**") necessary for delivery of the Purchased Asset to the Purchaser. The failure by the Purchaser to obtain the EPA Certificates shall not modify or amend the Purchaser's rights and obligations hereunder (including the Purchaser's obligation to remit the entire Purchase Price to the Vendor) provided however that the Purchaser may direct the Vendor to deliver the Purchased Asset to another location that the Purchaser may specify provided that the Purchased Asset can lawfully be delivered to such place. Notwithstanding that the Transfer of the Purchased Assets to the Purchaser shall occur upon the ~~execution of this Bill of Sale~~delivery of the First Monitor's Certificate to the Purchaser, the Purchaser shall not be entitled to take possession of the Purchased ~~Assets until: (i) the entry of the Initial Order by the Court; and (ii)~~Asset until the Purchaser has transferred and the Vendors ha~~ves~~ received the Purchase Price from the Purchaser. ~~The Purchaser hereby consents to Walter Energy Canada seeking a provision in~~In accordance with the terms of the Initial Order ~~reverting~~, ownership of the ~~Purchaser Assets~~Purchased Asset shall revert back to the Vendors in the event that the entire Purchase Price is not received by the Vendors within 90 days following the date of the ~~Initial Order~~Bill of Sale.

5. Security Interest. To secure the Purchaser's payment of the Purchase Price to the Vendor, the Purchaser hereby grants ~~each of~~ the Vendors a first-lien security interest in the Purchased Assets including all accretions, substitutions, replacements, additions and accessions to any of them and all proceeds of any of the foregoing, upon the execution of this Bill of Sale and the delivery of the Monitor's First Certificate (the "**Security Interest**"). The Purchaser acknowledges that value has been given and that the Security Interest granted herein shall attach to ~~all of~~ the Purchased Assets upon the execution by the Parties of this Bill of Sale and the delivery of the Monitor's First Certificate. The Purchaser further acknowledges that Walter Energy Canada ~~shall seek~~has obtained an Initial Order which, *inter alia*, grants the Vendors a Court-ordered first-ranking charge on the Purchased Assets in an amount equal to the Purchase Price until payment by the Purchaser of same (the "**Equipment Charge**"). Following receipt of the entire Purchase Price by the Vendors, the Equipment Charge will be extinguished automatically upon delivery of a second Monitor's certificate to the Purchaser certifying that payment has been made (the "**Second Monitor's Certificate**").

6. "As Is, Where Is". The Purchaser acknowledges that the Purchased Assets ~~are~~ is being purchased on an "as is, where is" basis and that no representations, warranties or conditions, statements, understandings or agreements, expressed or implied, in law or in equity, by statute or otherwise, have been made by the Vendors or exist with respect to or in connection with the Purchased Assets, their description, fitness for any purpose, merchantability, quality, state, condition, location, value, the validity or enforceability of rights, any requirement for licenses, permits, approvals, consents for ownership,

occupation or use, compliance with any government laws, regulations, by-laws and orders or in respect of any other matter or thing whatsoever and any and all conditions and warranties expressed or implied by the *Sale of Goods Act* (British Columbia) and any other applicable legislation do not apply to the sale of the Purchased Assets and are hereby waived by the Purchaser. The Purchaser acknowledges that it has conducted, and shall be deemed to have entirely relied on, its own inspection and investigation in proceeding with the purchase of the Purchased Assets and accepts the same in their present state, condition and location.

7. Risk of Loss and Insurance. From and after the delivery of the First Monitor's Certificate to the Purchaser, the Purchased Asset shall be at the risk of the Purchaser regardless of where the Purchased Asset are situate and the Purchaser shall be responsible for obtaining any and all insurance with respect to the Purchased Asset. The Purchaser hereby indemnifies and holds the Vendor and their agents and representatives harmless from any claims, losses, expenses, penalties damages and liabilities of any kind or nature which the Vendor may be required to pay for personal injury (including death) or any property damage suffered by any person which the Vendor or their agents and representatives may at any time sustain for reasons that include but are not limited to the operation, handling or transportation of the equipment after the issuance of the Monitor's First Certificate, which indemnity shall survive the execution of this Bill of Sale.

8. Performance. Following the delivery of the First Monitor's Certificate to the Purchaser, the Purchaser shall perform all of its obligations hereunder, including its obligation to remit the First Installment and the Second Installment to the Vendor. Following the delivery of the Second Monitor's Certificate to the Purchaser, the Vendor shall perform all of its obligations hereunder, including its obligation to deliver the Purchased Asset to the Purchaser, provided that the Purchaser shall pay all costs associated with such delivery and shall obtain any required EPA Certificates and provided further that the Vendor shall not incur any liability for failure to perform as a result of force majeure.

9. ~~7.~~ General.

(a) The provisions hereof will enure to the benefit of and be binding upon the Parties and their respective successors (including any successor by reason of amalgamation of any Party) and permitted assigns.

(b) This Bill of Sale is made under and shall be governed by and construed in accordance with the law of the Province of British Columbia and the federal laws of Canada applicable in the Province of British Columbia.

(c) This Bill of Sale may be executed by the Parties in counterparts and may be executed and delivered by facsimile or e-mail (PDF) and all the counterparts, facsimiles and PDFs shall together constitute one and the same agreement.

[Remainder of Page Intentionally Left Blank]

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

JIM WALTER RESOURCES, INC.

By: _____
Name:
Title:

~~**WILLOW CREEK COAL PARTNERSHIP by its general partner, WALTER CANADIAN COAL PARTNERSHIP, by its general partner, WALTER ENERGY CANADA HOLDINGS, INC.**~~

~~By:~~ _____
~~Name:~~
~~Title:~~

BRULE COAL PARTNERSHIP by its general partner, WALTER CANADIAN COAL PARTNERSHIP, by its general partner, WALTER ENERGY CANADA HOLDINGS, INC.

By: _____
Name:
Title:

Schedule "A"

Purchased Assets

Bulldozer Type	Asset Number	Serial Number	~~Purchase~~Asset Price ~~Allocation~~ (USD)	Vendor	Transportation Costs (USD)[1]
~~2012 Caterpillar D10T Crawler Tractor~~	~~25653~~	~~—CAT0D10THRJG03067~~	~~$325,000~~	~~Brule Coal Partnership~~	~~$106,000 plus GST~~
~~2010 Caterpillar D10T Crawler Tractor~~	~~25624~~	~~CAT0D10TCRJG02222~~	~~$210,000~~	~~Willow Creek Coal Partnership~~	~~$106,000 plus GST~~
2011 Caterpillar 834H Wheel Dozer	25209	CAT0834HPBTX01082	$375,000	Brule Coal Partnership	$90,000 plus GST[2]

[1] Notwithstanding that the Purchaser shall pay for all transportation costs, the Vendors shall arrange for such transportation.

[2] ~~Including the aggregate amount of $15,100 in GST, the total transportation cost for all of the equipment is estimated to be approximately $317,100 and is included in the Purchase Price.~~

Schedule "B"

Wire Transfer Instructions

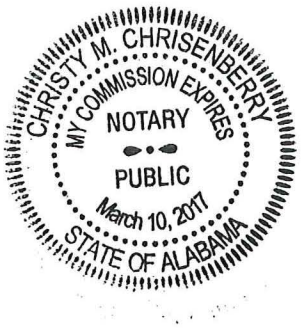
(See attached)

This is Exhibit **"D"** referred to in Affidavit #2 of **William G. Harvey** sworn December 31, 2015 at Birmingham, Alabama, United States.

Christy M. Chrisenberry

A Notary Public in the State of Alabama

CHRISTY M. CHRISENBERRY
Notary Public - State of Alabama
My Commission Expires
March 10, 2017



December 30, 2015

Marc Wasserman
Osler, Hoskin & Harcourt LLP
100 King Street West
1 First Canadian Place
Suite 6200, P.O. Box 50
Toronto ON M5X 1B

Dear Marc:

This letter confirms the understanding and agreement (the "**Agreement**") between PJT Partners LP ("**PJT Partners**") and Osler, Hoskin & Harcourt LLP ("**Counsel**"), as counsel to Walter Energy Canada Holdings, Inc. (together with any affiliates and subsidiaries, the "**Company**"), regarding the retention of PJT Partners on an exclusive basis by Counsel effective as of December 7, 2015 (the "**Effective Date**") as the Company's investment banker for the purposes set forth herein.

Under this Agreement, PJT Partners will provide investment banking services to Counsel in connection with a possible restructuring of certain liabilities of the Company and the sale, merger or other disposition of all or a portion of the capital stock or assets of the Company (a "**Transaction**"), and will assist Counsel in analyzing, structuring, negotiating and effecting the Restructuring or Transaction pursuant to the terms and conditions of this Agreement; provided, for greater certainty, that a Transaction shall not include a liquidation of the Company's assets by auctioneers or other liquidators after or resulting from the discontinuation of an SISP (as defined below). As used in this Agreement, the term "**Restructuring**" shall mean, collectively, (i) any restructuring, reorganization and/or recapitalization of the Company and/or sale or other disposition of substantially all of the assets of the Company affecting existing or potential debt obligations or other claims, including, without limitation, senior debt, junior debt, trade claims, general unsecured claims, and preferred stock (collectively, the "**Obligations**"), whether or not pursuant to the Canada Business Corporations Act ("**CBCA**"), comparable provincial legislation, the Companies' Creditors Arrangement Act ("**CCAA**") or the Bankruptcy and Insolvency Act ("**BIA**") in Canada, and/or (ii) any complete or partial repurchase, refinancing, extension or repayment by the Company of any of the Obligations, whether or not under the CBCA, CCAA or BIA.

The investment banking services to be rendered by PJT Partners may include the following:

(a) advise the Company in the sale, merger or other disposition of all or a portion of the Company or its assets;

(b) assist the Company in preparing marketing materials in conjunction with a possible Transaction;

(c) develop of a list of potential purchasers for a Transaction and consult with the Company and the Monitor from time to time as to such potential purchasers;

(d) assist the Company and the Monitor in designing an appropriate sale and investment solicitation process ("**SISP**") and in in running such SISP

(e) assist the Company to develop due diligence materials and manage the due diligence process for interested parties;

(f) assist and advise the Company concerning the terms, conditions and impact of any proposed Transaction;

(g) assist in the evaluation of the Company's businesses and prospects;

(h) assist in the development of the Company's long-term business plan and related financial projections;

(i) assist in the development of financial data and presentations to the Company's Board of Directors, various creditors and other third parties;

(j) analyze various restructuring scenarios and the potential impact of these scenarios on the recoveries of those stakeholders impacted by the Restructuring;

(k) provide strategic advice with regard to restructuring or refinancing the Company's Obligations;

(l) evaluate the Company's debt capacity and alternative capital structures;

(m) participate in negotiations among the Company and its creditors, suppliers, lessors and other interested parties;

(n) value securities offered by the Company in connection with a Restructuring;

(o) advise the Company and negotiate with lenders with respect to potential waivers or amendments of various credit facilities;

(p) assist in arranging financing for the Company, as requested;

(q) assist in the preparation of affidavit evidence in the event of an in court restructuring under the CCAA, BIA or CBCA; and

(r) provide such other advisory services as are customarily provided in connection with the analysis and negotiation of a Restructuring or a Transaction, as requested and mutually agreed.

Notwithstanding anything contained in this Agreement to the contrary, PJT Partners shall have no responsibility for designing or implementing any initiatives to improve the Company's operations, profitability, cash management or liquidity. PJT Partners makes no representations or warranties about the Company's ability to (i) successfully improve its operations, (ii) maintain or secure sufficient liquidity to operate its business, or (iii) successfully complete a Restructuring. PJT Partners is retained under this Agreement solely to provide advice regarding a Restructuring or a Transaction, and is not being retained to provide "crisis management."

It is agreed that the Company will pay the following fees to PJT Partners for its investment banking services (all fees and expenses payable to PJT Partners pursuant to this Agreement shall be payable solely by the Company; Counsel shall have no obligation to pay PJT Partners' fees or expenses):

(i) a monthly advisory fee (the "**Monthly Fee**") in the amount of USD$100,000, per month, in cash, with the first Monthly Fee payable upon the date that the Company's ultimate parent, Walter Energy, Inc., converts its current chapter 11 cases that are jointly administered by the United States Bankruptcy Court, Northern District of Alabama (Case No. 15-02741) to a liquidation under chapter 7 of the United States Bankruptcy Code (the "**Conversion Date**") and additional installments of such Monthly Fee payable in advance on each monthly anniversary of the Conversion Date;

(ii) a capital raising fee (the "**Capital Raising Fee**") for any financing arranged by PJT Partners, at the Company's request, earned and payable upon receipt of a binding commitment letter. If access to the financing is limited by orders of the bankruptcy court, a proportionate fee shall be payable with respect to each available commitment (irrespective of availability blocks, borrowing base, or other similar restrictions). The Capital Raising Fee will be calculated as 0.5% of the total issuance size for DIP Financing, 1.0% of the total issuance size for senior debt, 2.0% of the total issuance size for junior debt financing, and 5.0% of the issuance amount for equity financing raised up to $100 million and 3.0% for amounts raised over $100 million;

(iii) upon the consummation of a Transaction, a Transaction fee ("**Transaction Fee**") payable in cash at the closing of such Transaction directly out of the gross proceeds of the Transaction equal to:

(iv) 2.0% of all Consideration up to USD$50,000,000; plus

(v) 1.5% of all Consideration between USD$50,000,000 and USD$100,000,000; plus

(vi) 1.0% of all Consideration between USD$100,000,000 and USD$200,000,000; plus

(vii) 0.9% of all Consideration between USD$200,000,000 and USD$1,000,000,000; plus

(viii) 0.75% for all Consideration between USD$1,000,000,000 and USD$2,000,000,000; plus

(ix) 0.5% of all Consideration above USD$2,000,000,000.

In this Agreement, "Consideration" means the gross value of all cash, securities and other properties paid or payable, directly or indirectly, in one transaction or in a series or combination of transactions, in connection with the Transaction or a transaction related thereto (including, without limitation, amounts paid (A) pursuant to covenants not to compete or similar arrangements and (B) to holders of any warrants, stock purchase rights, convertible securities or similar rights and to holders of any options or stock appreciation rights, whether or not vested). Consideration shall also include (i) (I) in the case of the sale, exchange or purchase of the Company's equity securities the principal amount of any indebtedness for borrowed money, preferred stock obligations, any pension liabilities, capital leases, guarantees and any other long-term liabilities as set forth on the most recent consolidated balance sheet of the Company prior to the consummation of such sale, exchange or purchase or (II) in the case of a sale or

disposition of assets by the Company the principal amount of any indebtedness for borrowed money, preferred stock obligations, any pension liabilities, capital leases, guarantees and any other long-term liabilities indirectly or directly assumed or acquired, and (ii) any indebtedness for borrowed money, preferred stock obligations, any pension liabilities, capital leases, guarantees and any other long-term liabilities that are or otherwise repaid or retired, in connection with or in anticipation of the Transaction. Consideration shall also include the aggregate amount of any extraordinary dividend or distribution made by the Company from the date hereof until the Closing of the Transaction. Consideration shall include all amounts paid into escrow and all contingent payments payable in connection with the Transaction, with fees on amounts paid into escrow to be payable upon the establishment of such escrow and fees on contingent payments to be payable when such contingent payments are made. If the Consideration to be paid is computed in any foreign currency, the value of such foreign currency shall, for purposes hereof, be converted into U.S. dollars at the prevailing exchange rate on the date or dates on which such Consideration is paid.

In this Agreement, the value of any securities (whether debt or equity) or other property paid or payable as part of the Consideration shall be determined as follows: (1) the value of securities that are freely tradable in an established public market will be determined on the basis of the last market closing price prior to the public announcement of the Transaction; and (2) the value of securities that are not freely tradable or have no established public market or, if the Consideration utilized consists of property other than securities, the value of such other property shall be the fair market value thereof as mutually agreed by the parties hereto; and

(x) reimbursement of all reasonable out-of-pocket expenses incurred during this engagement, including, but not limited to, travel and lodging, direct identifiable data processing, document production, publishing services and communication charges, courier services, working meals, reasonable fees and expenses of PJT Partners' counsel and other necessary expenditures, payable upon rendition of invoices setting forth in reasonable detail the nature and amount of such expenses. In connection therewith the Company shall pay PJT Partners on the date hereof and maintain thereafter a USD$25,000 expense advance for which PJT Partners shall account upon termination of this Agreement.

The Company is subject to proceedings under the CCAA ("**In-Court Proceeding**") and the Company shall use its best efforts to promptly apply to the court having jurisdiction over the In-Court Proceeding (the "**Court**") for the approval of (A) this Agreement, including the attached indemnification agreement; (B) PJT Partners' retention by the Company under the terms of this Agreement; (C) a first-ranking super-priority charge on the Company's assets, property and undertakings to secure the Monthly Fee and all disbursements incurred by PJT Partners' pursuant to this Agreement (which charge shall form part of the Administration Charge as defined in the December 7, 2015 order of the Court in the In-Court Proceeding (the "**Initial Order**")), both before and after the commencement of the In-Court Proceeding; and (D) a super-priority charge on the Company's assets, property and undertakings to secure the Transaction Fee and Capital Raising Fee ranking after the Administration Charge, the D&O Charge (as defined in the Initial Order) and any key employee retention program charge granted by the Court. The Company shall supply PJT Partners with a draft of such application and any proposed order authorizing

PJT Partners' retention sufficiently in advance of the filing of such application and proposed order to enable PJT Partners and its counsel to review and comment thereon. PJT Partners shall have no obligation to provide any services under this Agreement in the event that the Company becomes a debtor under an In-Court Proceeding unless PJT Partners' retention under the terms of this Agreement is approved by a final order of the Court no longer subject to appeal, rehearing, reconsideration or petition for certiorari, and which order is acceptable to PJT Partners in all respects. In the event that the Company becomes a debtor under an In-Court Proceeding and PJT Partners' engagement hereunder is approved by the Court, the Company shall pay all fees and expenses of PJT Partners hereunder as promptly as practicable in accordance with the terms hereof. Prior to commencing an In-Court Proceeding, the Company shall pay all invoiced amounts to PJT Partners in immediately available funds by wire transfer.

Each of the Company and Counsel acknowledges and agrees that PJT Partners' restructuring expertise as well as its capital markets knowledge, financing skills and mergers and acquisitions capabilities, some or all of which may be required by the Company during the term of PJT Partners' engagement hereunder, were important factors in determining the amount of the various fees set forth herein, and that the ultimate benefit to the Company of PJT Partners' services hereunder could not be measured merely by reference to the number of hours to be expended by PJT Partners' professionals in the performance of such services. Each of the Company and Counsel also acknowledges and agrees that the various fees set forth herein have been agreed upon by the parties in anticipation that a substantial commitment of professional time and effort will be required of PJT Partners and its professionals hereunder over the life of the engagement, and in light of the fact that such commitment may foreclose other opportunities for PJT Partners and that the actual time and commitment required of PJT Partners and its professionals to perform its services hereunder may vary substantially from week to week or month to month, creating "peak load" issues for the firm. In addition, given the numerous issues which PJT Partners may be required to address in the performance of its services hereunder, PJT Partners' commitment to the variable level of time and effort necessary to address all such issues as they arise, and the market prices for PJT Partners' services for engagements of this nature in an In-Court Proceeding, each of the Company and Counsel agrees that the fee arrangements hereunder (including the Monthly Fee, Capital Raise Fee and Transaction Fee) are reasonable.

The advisory services and compensation arrangement set forth in this Agreement do not encompass other investment banking services or transactions that may be undertaken by PJT Partners at the request of Counsel or the Company, including the arranging of debt or equity capital (except as provided above), issuing fairness opinions or any other specific services not set forth in this Agreement. The terms and conditions of any such investment banking services, including compensation arrangements, would be set forth in a separate written agreement between PJT Partners and the appropriate party.

Except as contemplated by the terms hereof or as required by applicable law, regulation or legal process, for a period of two years from the date hereof, PJT Partners shall keep confidential all material non-public information provided to it by or at the request of the Company, and shall not disclose such information to any third party or to any of its employees or advisors except to those persons who have a need to know such information in connection with PJT Partners' performance of its responsibilities hereunder and who are advised of the confidential nature of the information and who agree to keep such information confidential.

The Company and Counsel will furnish or cause to be furnished to PJT Partners such information as PJT Partners believes appropriate to its assignment (all such information so furnished being the "**Information**"). The Company and Counsel further agree to provide PJT Partners with reasonable access to Counsel and the Company and its directors, officers, employees and advisers. The Company and Counsel shall inform PJT Partners promptly upon becoming aware of any material developments relating to the Company which the Company and Counsel reasonably expect may impact the proposed Transaction or if the Company or Counsel become aware that any Information provided to PJT Partners is, or has become, untrue, unfair, inaccurate or misleading in any way. Furthermore, the Company and Counsel warrant and undertake to PJT Partners in respect of all Information supplied by the Company and Counsel, that the Company and Counsel have not obtained any such Information other than by lawful means and that disclosure to PJT Partners will not breach any agreement or duty of confidentiality owed to third parties. The Company and Counsel recognize and confirm that PJT Partners (a) will use and rely primarily on the Information and on information available from generally recognized public sources in performing the services contemplated by this Agreement without having independently verified the same, (b) does not assume responsibility for the accuracy or completeness of the Information and such other information, (c) is entitled to rely upon the Information without independent verification, and (d) will not make an appraisal of any assets in connection with its assignment.

In the event that the Information belonging to the Company is stored electronically on PJT Partners' computer systems, PJT Partners shall not be liable for any damages resulting from unauthorized access, misuse or alteration of such information by persons not acting on its behalf, provided that PJT Partners exercises the same degree of care in protecting the confidentiality of, and in preventing unauthorized access to, the Company's information that it exercises with regard to its own most sensitive proprietary information.

PJT Partners acknowledges and agrees that the work product produced by PJT Partners pursuant to this Agreement is for the purpose of facilitating the rendering by Counsel of legal advice to the Company and constitutes attorney work product, and that any communication to Counsel, including, without limitation, any correspondence, analyses, reports and related materials that PJT Partners prepares, constitutes confidential and privileged communications and PJT Partners will not disclose the same or any of the Information to any other person except as requested by Counsel.

Except as required by applicable law, any advice to be provided by PJT Partners under this Agreement shall not be disclosed publicly or made available to third parties (other than the Company's other professional advisors, the Monitor or, if appropriate in the Company's judgment, in any filings in the In-Court Proceeding) without the prior written consent of PJT Partners. All services, advice and information and reports provided by PJT Partners to the Counsel in connection with this assignment shall be for the sole benefit of Counsel and the Company and shall not be relied upon by any other person.

The Company acknowledges and agrees that PJT Partners will provide its investment banking services exclusively to the members of the Board of Directors and senior management of the Company and not to the Company's shareholders or other constituencies. The Board of Directors and senior management will make all decisions for the Company regarding whether and how the Company will pursue a Restructuring or Transaction and on what terms and by what process. In so doing, the Board of Directors and senior management will also obtain the advice of the

Company's legal, tax and other business advisors and consider such other factors which they consider appropriate before exercising their independent business judgment in respect of a Restructuring or Transaction. The Company further acknowledges and agrees that PJT Partners has been retained to act solely as investment banker to the Company and does not in such capacity act as a fiduciary for the Company or any other person. PJT Partners shall act as an independent contractor and any duties of PJT Partners arising out of its engagement pursuant to this Agreement shall be owed solely to the Company.

In consideration of PJT Partners' agreement to provide investment banking services to Counsel in connection with this Agreement, it is agreed that the Company will indemnify PJT Partners and its agents, representatives, members and employees. A copy of our standard form of indemnification agreement is attached to this Agreement as Attachment A. PJT Partners acknowledges Counsel has no obligation to indemnify PJT Partners.

PJT Partners' engagement hereunder may be terminated upon 30 days' written notice without cause by either Counsel or PJT Partners; termination for cause by either party will occur forthwith. Notwithstanding the foregoing, (a) the provisions relating to the payment of fees and expenses accrued through the date of termination, the status of PJT Partners as an independent contractor and the limitation as to whom PJT Partners shall owe any duties will survive any such termination, (b) any such termination shall not affect the Company's obligations under the indemnification agreement attached as Attachment A or PJT Partners' confidentiality obligations hereunder and (c) PJT Partners shall be entitled to the Transaction Fee in the event that at any time prior to the expiration of 24 months following the termination of this Agreement (unless such termination is by Counsel or the Company for gross negligence or willful misconduct) a definitive agreement with respect to a Restructuring or a Transaction, respectively, is executed and a Restructuring or Transaction, respectively, is thereafter consummated.

The Company represents that neither it nor any of its affiliates under common control, nor, to the knowledge of the Company, any of their respective directors or officers, is an individual or entity ("Person") that is, or is owned or controlled by a Person that is: (i) a Person with whom dealings are restricted or prohibited under U.S. economic sanctions (including those administered or enforced by the U.S. Department of Treasury's Office of Foreign Assets Control) or similar sanctions imposed by another relevant sanctions authority (collectively, "Sanctions"); or (ii) to the knowledge of the Company, not in compliance in all material respects with all applicable anti-money laundering laws and Sanctions.

The Company should be aware that PJT Partners and/or its affiliates may be providing or may in the future provide financial or other services to other parties with conflicting interests. Consistent with PJT Partners' policy to hold in confidence the affairs of its clients, PJT Partners will not use confidential information obtained from the Company except in connection with PJT Partners' services to, and PJT Partners' relationship with, the Company, nor will PJT Partners use on the Company's behalf any confidential information obtained from any other client. Notwithstanding anything to the contrary provided elsewhere herein, the Company expressly acknowledges and agrees that none of the provisions of this Agreement shall in away restrict PJT Partners from being engaged or mandated by any third party, or otherwise participating or assisting with any transaction involving any other party.

This Agreement (including the attached indemnification agreement) embodies the entire agreement and understanding between the parties hereto and supersedes all prior agreements and

understandings relating to the subject matter hereof. If any provision of this Agreement is determined to be invalid or unenforceable in any respect, such determination will not affect or impair such provision or the remaining provisions of this Agreement in any other respect, which will remain in full force and effect. No waiver, amendment or other modification of this Agreement shall be effective unless in writing and signed by each party to be bound thereby. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York applicable to contracts executed in and to be performed in that state.

The Company and Counsel hereby agree that any action or proceeding brought by the Company or Counsel against PJT Partners based hereon or arising out of PJT Partners' engagement hereunder, shall be brought and maintained by the Company or Counsel exclusively in the Supreme Court of British Columbia. Counsel irrevocably submits to the jurisdiction of the Supreme Court of British Columbia and appellate courts from any thereof for the purpose of any action or proceeding based hereon or arising out of PJT Partners' engagement hereunder and irrevocably agrees to be bound by any judgment rendered thereby in connection with such action or proceedings. Counsel hereby irrevocably waives, to the fullest extent permitted by law, any objection it may have or hereafter may have to the laying of venue of any such action or proceeding brought in any such court referred to above and any claim that such action or proceeding has been brought in an inconvenient forum and agrees not to plead or claim the same.

[SIGNATURE PAGE FOLLOWS]

Please confirm that the foregoing correctly sets forth our agreement by signing and returning to PJT Partners the duplicate copy of this Agreement and the indemnification agreement attached hereto as Attachment A.

Very truly yours,

PJT PARTNERS LP

By: PJT Management, LLC, its general partner

By: _____

Name: Steven Zelin
Title: Partner

By: _____

Name: Karl Knapp
Title: Partner

Accepted and Agreed to as
of the date first written above:

WALTER ENERGY CANADA HOLDINGS, INC.

By: _____
Name:
Title:

OSLER, HOSKIN & HARCOURT LLP

By: _____
Name: Marc Wasserman

Please confirm that the foregoing correctly sets forth our agreement by signing and returning to PJT Partners the duplicate copy of this Agreement and the indemnification agreement attached hereto as Attachment A.

Very truly yours,

PJT PARTNERS LP

By: PJT Management, LLC, its general partner

By: _____

Name: Steven Zelin
Title: Partner

By: _____

Name: Karl Knapp
Title: Partner

Accepted and Agreed to as
of the date first written above:

WALTER ENERGY CANADA HOLDINGS, INC.

By: _____

Name: DANNY L. STECKEL
Title: MANAGING DIRECTOR

OSLER, HOSKIN & HARCOURT LLP

By: _____ Patrick Riesterer

pp Name: Marc Wasserman
Title: Partner

Rev 10.01.2015

ATTACHMENT A

December [__], 2015

PJT Partners LP
280 Park Avenue
New York, NY 10017

INDEMNIFICATION AGREEMENT

Ladies and Gentlemen:

This letter will confirm that we have engaged PJT Partners LP ("**PJT Partners**") to advise and assist us in connection with the matters referred to in our letter of agreement dated as of December 7, 2015 (the "**Engagement Letter**"). In consideration of your agreement to act on our behalf in connection with such matters, we agree to indemnify and hold harmless you and your affiliates and your and their respective partners (both general and limited), members, officers, directors, employees and agents and each other person, if any, controlling you or any of your affiliates (you and each such other person being an "**Indemnified Party**") from and against any losses, claims, damages, expenses and liabilities whatsoever, whether they be joint or several, related to, arising out of or in connection with the engagement under the Engagement Letter, including without limitation, any related services and activities prior to the date of the Engagement Letter (the "**Engagement**") and will reimburse each Indemnified Party for all expenses (including fees, expenses and disbursements of counsel) as they are incurred in connection with investigating, preparing, pursuing, defending, or otherwise responding to, or assisting in the defense of any action, claim, suit, investigation or proceeding related to, arising out of or in connection with the Engagement or this agreement, whether or not pending or threatened, whether or not any Indemnified Party is a party, whether or not resulting in any liability and whether or not such action, claim, suit, investigation or proceeding is initiated or brought by us. We also agree to cooperate with PJT Partners and to give, and so far as it is able to procure the giving of, all such information and render all such assistance to PJT Partners as PJT Partners may reasonably request in connection with any such action, claim, suit, proceeding, investigation or judgment and not to take any action which might reasonably be expected to prejudice the position of PJT Partners or its affiliates in relation to any such action, claim, suit, proceeding, investigation or judgment without the consent of PJT Partners (such consent not to be unreasonably withheld). In the event that PJT Partners is requested or authorized by us or required by government regulation, subpoena or other legal process to produce documents, or to make its current or former personnel available as witnesses at deposition or trial, arising as a result of or in connection with the Engagement, we will, so long as PJT Partners is not a party to the proceeding in which the information is sought, pay PJT Partners the fees and expenses of its counsel incurred in responding to such a request. We will not, however, be liable under the foregoing indemnification provision for any losses, claims, damages or liabilities (or expenses relating thereto) that are finally judicially determined by a court of competent jurisdiction to have primarily resulted from the gross negligence or willful misconduct of PJT Partners. We also agree that no Indemnified Party shall have any liability (whether direct or indirect, in contract or

tort or otherwise) to us or our owners, parents, affiliates, security holders or creditors for or in connection with the Engagement except for any such liability for losses, claims, damages or liabilities incurred by us that are finally judicially determined by a court of competent jurisdiction to have primarily resulted from the gross negligence or willful misconduct of PJT Partners.

If the indemnification provided for in the preceding paragraph is for any reason unavailable to an Indemnified Party in respect of any losses, claims, damages or liabilities referred to herein (other than as a result of gross negligence or willful misconduct by such Indemnified Party), then, in lieu of indemnifying such Indemnified Party hereunder, we shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages or liabilities (and expenses relating thereto) in such proportion as is appropriate to reflect not only the relative benefits received (or anticipated to be received) by you, on the one hand, and us, on the other hand, from the Engagement but also the relative fault of each of you and us, as well as any other relevant equitable considerations; provided, however, to the extent permitted by applicable law, in no event shall your aggregate contribution to the amount paid or payable exceed the aggregate amount of fees actually received by you under the Engagement Letter. For the purposes of this agreement, the relative benefits to us and you of the Engagement shall be deemed to be in the same proportion as (a) the total value paid or contemplated to be paid or received or contemplated to be received by us, our security holders and our creditors in the transaction or transactions that are subject to the Engagement, whether or not any such transaction is consummated, bears to (b) the fees paid or to be paid to PJT Partners under the Engagement Letter (excluding any amounts paid as reimbursement of expenses).

Neither party to this agreement will, without the prior written consent of the other party (which consent will not be unreasonably withheld), settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought hereunder (a "**Judgment**"), whether or not we or any Indemnified Party are an actual or potential party to such claim, action, suit or proceeding. In the event that we seek to settle or compromise or consent to the entry of any Judgment, we agree that such settlement, compromise or consent (i) shall include an unconditional release of PJT Partners and each other Indemnified Party hereunder from all liability arising out of such claim, action, suit or proceeding, (ii) shall not include a statement as to, or an admission of, fault, culpability or a failure to act by or on behalf of PJT Partners or each other Indemnified Party, and (iii) shall not impose any continuing obligations or restrictions on PJT Partners or each other Indemnified Party.

Promptly after receipt by an Indemnified Party of notice of any complaint or the commencement of any action or proceeding with respect to which indemnification is being sought hereunder, such person will notify us in writing of such complaint or of the commencement of such action or proceeding, but failure to so notify us will not relieve us from any liability which we may have hereunder or otherwise, except to the extent that such failure materially prejudices our rights. If we so elect or are requested by such Indemnified Party, we will assume the defense of such action or proceeding, including the employment of counsel reasonably satisfactory to PJT Partners and the payment of the fees and disbursements of such counsel.

In the event, however, such Indemnified Party reasonably determines in its judgment that having common counsel would present such counsel with a conflict of interest or if we fail to assume the defense of the action or proceeding in a timely manner, then such Indemnified Party may

employ separate counsel reasonably satisfactory to us to represent or defend it in any such action or proceeding and we will pay the fees and disbursements of such counsel; provided, however, that we will not be required to pay the fees and disbursements of more than one separate counsel for all Indemnified Parties in any jurisdiction in any single action or proceeding. In any action or proceeding the defense of which we assume, the Indemnified Party will have the right to participate in such litigation and to retain its own counsel at such Indemnified Party's own expense.

The foregoing reimbursement, indemnity and contribution obligations of ours under this agreement shall be in addition to any rights that an Indemnified Party may have at common law or otherwise, and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of ours and such Indemnified Party. We agree that the indemnity and reimbursement obligations of ours set out herein shall be in addition to any liability which we may otherwise have under the Engagement Letter and applicable law and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of ours, PJT Partners and any such Indemnified Party.

[SIGNATURE PAGE FOLLOWS]

The provisions of this agreement shall apply to the Engagement, as well as any additional engagement of PJT Partners by us in connection with the matters which are the subject of the Engagement, and any modification of the Engagement or additional engagement and shall remain in full force and effect regardless of any termination or the completion of your services under the Engagement Letter.

This agreement and the Engagement Letter shall be governed by, and construed in accordance with the laws of the State of New York applicable to contracts executed in and to be performed in that state.

Very truly yours,

WALTER ENERGY CANADA HOLDINGS, INC.

By: _____

Name:
Title:

Accepted and Agreed to as
of the date first written above:

PJT PARTNERS LP

By: PJT Management, LLC, its general partner

By: _____
Name: Steve Zelin
Title: Partner

By: _____
Name: Karl Knapp
Title: Partner

This is Exhibit **"E"** referred to in Affidavit #2 of **William G. Harvey** sworn December 31, 2015 at Birmingham, Alabama, United States.

Christy M. Chrisenberry

A Notary Public in the State of Alabama

CHRISTY M. CHRISENBERRY
Notary Public - State of Alabama
My Commission Expires
March 10, 2017

CHRISTY M. CHRISENBERRY
NOTARY PUBLIC
MY COMMISSION EXPIRES
March 10, 2017
STATE OF ALABAMA

December 30, 2015

Walter Energy Canada Holdings, Inc.
235 Front Street, Suite 200
Tumbler Ridge, BC, V0C 2W0

Attention: Mr. William Harvey, Executive Vice President and Chief Financial Officer

Re: Engagement of BlueTree Advisors Inc.

This letter agreement ("**Agreement**") sets out the terms and conditions upon which Walter Energy Canada Holdings, Inc. ("**WECH**") hereby engages BlueTree Advisors Inc. ("**BlueTree**") to provide the services of William E. Aziz ("**Aziz**") as an independent contractor to perform the duties set out herein as Chief Restructuring Officer of WECH and its direct and indirect Canadian subsidiaries (collectively "**Walter Canada**" or the "**Company**").

It is my understanding that Walter Canada requires advice in connection with certain *Companies' Creditors Arrangement Act* (Canada) ("**CCAA**") proceedings that have been commenced by the Company on December 7, 2015. Walter Canada agrees to seek an order in its CCAA proceedings limiting the liability of BlueTree and Aziz from all claims, damages and losses, including any claims regarding environmental matters and any claims regarding matters for which a director of Walter Canada may be personally liable. In furtherance of the foregoing, Walter Canada agrees to seek to include in such order language that limits the liability of BlueTree and Aziz in a manner consistent with s.11.8(3) of the CCAA or s.14.06(2) of the *Bankruptcy and Insolvency Act* (Canada) ("**BIA**").

1. The Services

The services to be provided by BlueTree shall include the following (which are subject to ongoing supervision and direction from the WECH Board of Directors (the "**Board**"), and subject to the terms of any Court order in the CCAA proceedings):

(a) consulting with the stakeholders of Walter Canada with a view to the development and implementation of a restructuring of the business and operations of Walter Canada and advising on any sales and investments solicitation process in respect of all or part of Walter Canada's business or assets (including its shares of Energybuild Group Limited) (the "**SISP**");

(a) assisting with the potential SISP with a view to successfully completing a transaction in respect of all or any part of Walter Canada's business or assets (including its shares of Energybuild Group Limited) (a "**Transaction**");

(b) communicating and negotiating with all stakeholder groups of Walter Canada with a view to successfully implementing a Transaction;

(c) signing for or on behalf of Walter Canada such documents, instruments, certificates or affidavits as may reasonably be required to commence or implement a Transaction; and

(d) such other or incidental matters as maybe thought necessary or advisable by BlueTree in consultation with the stakeholders of Walter Canada, while at all times acting with respect to the fiduciary duties required of an officer of Walter Canada.

BlueTree may not provide the services of any person other than Aziz without the prior written approval of Walter Canada. The services of BlueTree do not include any authority for, or charge, management or control of, any sites or facilities at or on which Walter Canada operates (including, without limitation, the Brule Mine, Willow Creek Mine or Wolverine Mine) or for any day-to-day operations or operating activities of any of Walter Canada's business, including, without limitation, any responsibility for environmental matters.

2. Information

Walter Canada represents and warrants to BlueTree, and will use its best efforts to ensure, that all information provided to BlueTree, directly or indirectly, orally or in writing, in connection with the BlueTree engagement hereunder will be accurate and complete in all material respects, will not be misleading in any material way and will not omit to state any fact or information which might reasonably be considered material to BlueTree performing its services hereunder. BlueTree shall be under no obligation to verify independently any such information provided to or otherwise obtained by it. BlueTree shall also be under no obligation to determine whether there have been any changes in such information or to investigate any change in such information occurring after the date any of the same were provided to or obtained by BlueTree.

3. Fees and Expenses

BlueTree's compensation for services referred to above will be as follows:

(a) a work fee (the **"Work Fee"**) of USD$75,000 per month payable in advance by wire on the fifth day of each month commencing January 5, 2016, or when the fifth day falls on a non-business day, on the first business day thereafter.

(b) a fee (the "**Success Fee**") payable in cash, which payment shall be triggered on the occurrence of a Triggering Event of the greater of USD$1,000,000 or

(i) 2.0% of all Consideration up to USD$50,000,000; plus

(ii) 1.5% of all Consideration between USD$50,000,000 and USD$100,000,000; plus

(iii) 1.0% of all Consideration between USD$100,000,000 and USD$200,000,000; plus

(iv) 0.9% of all Consideration between USD$200,000,000 and USD$1,000,000,000; plus

(v) 0.75% for all Consideration between USD$1,000,000,000 and USD$2,000,000,000; plus

(vi) 0.5% of all Consideration above USD$2,000,000,000

As used herein, "**Consideration**" shall have the meaning given in the letter agreement dated December 30, 2015 among PJT Partners LP, WECH and Osler, Hoskin & Harcourt LLP. As used herein, the term "**Triggering Event**" shall mean any one or more of the following:

(i) Any merger, consolidation, reorganization, recapitalization, refinancing, business combination or other transaction (including for greater certainty a credit bid) pursuant to which a substantial portion of Walter Canada is acquired by, or combined with, any person, group of persons, partnership, corporation or other entity (including, without limitation, existing creditors, employees, affiliates, and/or shareholders of Walter Canada) (collectively, a "**Purchaser**");

(ii) Any acquisition, directly or indirectly, by a Purchaser (or by one or more persons acting together with a Purchaser pursuant to a written agreement or otherwise), in a single transaction or a series of transactions (including for greater certainty a credit bid), of (x) all or substantially all of the assets or operations of any entity comprising Walter Canada; or (y) all or substantially all of the outstanding or newly-issued shares or units of equity securities of any entity comprising Walter Canada (or any securities convertible into, or options, warrants or other rights to acquire such equity securities);

(iii) Any other sale, transfer or assumption of a substantial portion of the assets or liabilities of Walter Canada (including, without limitation, any consolidation or merger involving any entity comprising Walter Canada), provided however that a liquidation of Walter Canada's assets by auctioneers or other liquidators shall not be a Triggering Event unless BlueTree is actively involved in providing the services of Aziz throughout the course of such auction or liquidation and until the proceeds of such auction or liquidation are received;

(iv) Except with respect to any interim and / or court-approved debtor-in-possession financing, the issuance, whether public or private, of substantial financing to and/or equity securities of any entity comprising Walter Canada; and

(v) The confirmation of any plan of compromise or arrangement with respect to any entity comprising Walter Canada;

(c) BlueTree shall be entitled to a Work Fee for a minimum period of two (2) months if this Agreement is terminated by Walter Canada (other than as a result of a default by BlueTree hereunder) before a Transaction. BlueTree acknowledges that Walter Canada may require the services of BlueTree even if a Transaction is completed prior to the period ending on the two (2) month anniversary of this Agreement.

The Success Fee will be payable if the events in paragraph 3(b) are completed or implemented (as the case may be) during the term of this engagement or within a period of six (6) months following: (i) the termination of this engagement by Walter Canada other than as a result of a breach of this Agreement by BlueTree or (ii) the termination of the Agreement by BlueTree as a result of the breach of this Agreement by Walter Canada. However, no Success Fee will be payable if BlueTree terminates this Agreement in accordance with Section 6.

In addition to the foregoing Walter Canada shall reimburse BlueTree for its reasonable out-of-pocket expenses including, but not limited to, legal fees, travel and communications expenses, courier charges and accommodation expenses, any of which may be incurred by BlueTree without prior written consent. Such reimbursable expenses will be payable on receipt of BlueTree's invoices by Walter Canada.

All or part of the foregoing may be subject to federal Goods and Services Tax, Harmonized Sales Tax, British Columbia Provincial Sales Tax or other taxes ("**GST/HST**"). Where such tax is applicable, an additional amount equal to the amount of tax owing thereon will be charged to and payable by Walter Canada, in addition to the fees of BlueTree. BlueTree shall provide its GST/HST registration number to Walter Canada upon execution of this Agreement.

4. Other Services

If BlueTree is required to perform services in addition to those described above or to provide services of individuals other than Aziz, then the terms and conditions relating to such services will be outlined in a separate agreement and the fees for such services will be in addition to the fees payable hereunder and will be negotiated separately and in good faith.

5. Indemnity

Walter Canada agree to indemnify BlueTree (the "**Indemnity**"). The Indemnity shall be in addition to and not in substitution for any other liability which Walter Canada or any other person may have to BlueTree or any other persons indemnified pursuant to indemnities apart from such Indemnity.

Walter Canada has represented that Walter Energy, Inc. currently maintains director and officer insurance coverage for its subsidiaries, including Walter Canada. Walter Canada will continue to benefit from, to the extent possible or practicable, the director and officer insurance coverage that was in place as at the date of execution of this Agreement, or coverage substantially comparable to that insurance, that includes confirmation from the underwriters that Aziz is fully covered by the insurance as an "Insured Person" within the meaning of any such policy.

In connection with this Agreement, Walter Canada agrees to indemnify and hold harmless BlueTree and Aziz from and against any and all losses, expenses, claims, actions, damages and liabilities, joint or several, including the aggregate amount paid in reasonable settlement of any actions, suits, proceedings, investigations or claims and the reasonable fees and expenses of legal counsel on a solicitor and its or his own client basis that may be incurred in advising with respect to and/or defending any action, suit, proceeding, investigation or claim that may be made or threatened against either of BlueTree or Aziz or in enforcing this indemnity (collectively, the "**Claims**") to which BlueTree and/or Aziz may become subject to or otherwise involved in any capacity insofar as the Claims relate to, are caused by, result from, arise in respect of or are based upon, directly or indirectly, this engagement; provided however that Walter Canada shall not be required to indemnify BlueTree or Aziz for such Claims to the extent that any such Claims are determined by a court of competent jurisdiction in a final judgment that has become non-appealable to have resulted from the gross negligence or willful misconduct of BlueTree or Aziz.

Walter Canada also agrees that BlueTree and Aziz shall not have any liability (whether directly or indirectly in contract or tort or otherwise) to Walter Canada or any person asserting claims on behalf of or in right of Walter Canada for or in connection with this engagement except to the extent any losses, expenses, claims, actions, damages or liabilities incurred by Walter Canada are determined by a court of competent jurisdiction in a final judgment that has become non-appealable to have resulted from the gross negligence or wilful misconduct of BlueTree or Aziz. In no event shall BlueTree's or Aziz's liability exceed the aggregate amount of fees actually received by BlueTree or Aziz under this Agreement.

In no event shall Walter Canada will not, without BlueTree and/or Aziz's written consent, settle, compromise, consent to the entry of any judgment in or otherwise seek to terminate any action, suit, proceeding, investigation or claim in respect of which indemnification may be sought hereunder (whether or not BlueTree and/or Aziz is a party thereto) unless such settlement, compromise, consent or termination includes a release of BlueTree and Aziz from any liabilities arising out of such action, suit, proceeding, investigation or claim. This indemnity can only be varied by the mutual agreement of Walter Canada, BlueTree and Aziz.

Promptly after receiving notice of any action, suit, proceeding or claim against either of BlueTree or Aziz or receipt of notice of the commencement of any investigation which is based, directly or indirectly, upon any matter in respect of which indemnification may be sought in accordance with the terms of this Agreement from Walter Canada, BlueTree and/or Aziz will notify Walter Canada in writing of the particulars thereof. The omission to notify Walter Canada shall not relieve WEI or Walter Canada of any liability which WEI or Walter Canada may have to either of BlueTree and/or Aziz except to the extent such failure materially prejudices Walter Canada's rights.

Walter Canada also agrees to reimburse BlueTree and/or Aziz for the time spent by BlueTree and/or Aziz in connection with any claim at any time following the end of the engagement at the hourly rate of $750.00 plus applicable taxes. BlueTree and Aziz may retain counsel to separately represent it or him in the defence of a claim, which shall be at the expense of Walter

Canada on a solicitor and its or his own client basis if (i) Walter Canada does not assume the defence of a claim, (ii) Walter Canada agrees to separate representation or (iii) BlueTree and/or Aziz is advised by legal counsel that there is an actual or potential conflict in Walter Canada's, BlueTree's and/or Aziz's respective interests or additional defences are available to BlueTree and/or Aziz which make representation by the same counsel inappropriate.

6. Survival of Terms and Termination

This engagement shall take effect upon the execution of this Agreement and may be terminated by a written notice to that effect:

(a) by Walter Canada; or

(b) by BlueTree;

in each case upon not less than ten (10) days' written notice to that effect to the other persons mentioned in this section and to the Monitor provided that the obligations of Walter Canada to indemnify BlueTree, to pay any amounts due to BlueTree pursuant to this Agreement, including fees, expenses and tax, and the representations and warranties provided by Walter Canada in connection with this Agreement shall survive the completion of the BlueTree engagement hereunder or other termination of this Agreement.

7. Confidentiality

It is BlueTree's policy to hold in confidence the affairs of its clients. Therefore, BlueTree will not use confidential information obtained from Walter Canada and any of its representatives except in connection with the services to be provided hereunder and will not disclose such confidential information to any third party or to any of its affiliates, employees or advisors except in connection with the services to be provided hereunder and will not use or make available to Walter Canada or any of its representatives confidential information that BlueTree has obtained from any other client or that BlueTree may have developed or obtained in connection with its other activities.

8. Other Activities

Walter Canada acknowledge that Aziz serves as a director of a number of other corporations which are not directly competitive with Walter Canada or its affiliates and that BlueTree provides services to other clients, including in the role as chief restructuring officer. BlueTree confirms that these other activities will not interfere with the ability of BlueTree or Aziz to provide the services contemplated by this Agreement.

9. Other Matters

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. This Agreement shall be governed by and construed in accordance the laws of the Province of Ontario and the parties hereby irrevocably attorn to the jurisdiction of the courts of the Province of Ontario. If any provision hereof shall be

determined to be invalid or unenforceable in any respect, such determination shall not affect such provision in any other respect or any other provision hereof. Headings are used for convenience of reference only and shall not affect the interpretation hereof.

10. Notices

All notices or other communications under this letter shall be in writing and e-mailed or faxed or delivered by personal delivery, if to WEI or the Company at:

Walter Energy Canada Holdings, Inc.
235 Front Street, Suite 200
Tumbler Ridge, BC, V0C 2W0

Attention: William Harvey and Dan Stickel
Email: bill.harvey@walterenergy.com / dan.stickel@walterenergy.com

And if to BlueTree:

BlueTree Advisors Inc.
32 Shorewood Place
Oakville, ON L6K 3Y4

Attention: William E. Aziz
Fax: 905-849-4248
Email: baziz@bluetreeadvisors.com

or as each party may specify in written notice to the other party. Its notices and communications shall be effective when faxed, e-mailed or delivered as the case may be or, if such day is not a business day, on the first business day thereafter.

Please confirm that the foregoing is in accordance with your understanding by signing and returning the attached duplicate copy of the letter which will thereupon become a binding agreement. This Agreement may be executed in counterparts and delivered by email or telecopy.

Yours very truly,

BLUETREE ADVISORS INC.

by _____
William E. Aziz

For consideration received, the above terms and conditions are accepted and agreed to on behalf of Walter Canada as of December 31, 2015

WALTER ENERGY CANADA HOLDINGS, INC.

by _____
MANAGING DIRECTOR

I/We have the authority to bind the Company