

**Court File No. CV14-10781-00CL**

**CLINE MINING CORPORATION,  
NEW ELK COAL COMPANY LLC  
AND NORTH CENTRAL ENERGY  
COMPANY**

**FIRST REPORT  
OF FTI CONSULTING CANADA INC.,  
IN ITS CAPACITY AS MONITOR OF THE APPLICANTS**

**December 16, 2014**



ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF CLINE MINING CORPORATION, NEW  
ELK COAL COMPANY LLC AND NORTH CENTRAL ENERGY  
COMPANY

FIRST REPORT OF FTI CONSULTING CANADA INC.,  
in its capacity as Monitor of the Applicants

December 16, 2014

INTRODUCTION

1. On December 3, 2014 (the "**Filing Date**"), Cline Mining Corporation ("**Cline**"), New Elk Coal Company LLC ("**New Elk**") and North Central Energy Company ("**North Central**") (collectively, the "**Applicants**") filed for and obtained protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). Pursuant to the Order of this Honourable Court (the "**Initial Order**") dated December 3, 2014 (the "**Filing Date**"), FTI Consulting Canada Inc. ("**FTI**") was appointed as the Monitor of the Applicants (the "**Monitor**") in these CCAA proceedings (the "**CCAA Proceedings**"). The Initial Order provided, *inter alia*, for a stay of proceedings through to and including December 31, 2014 for the Applicants.

2. On the Filing Date, this Honourable Court also granted an Order that approved a claims process for the identification and determination of claims against the Applicants and their present and former directors and officers (the "**Claims Procedure Order**") and an Order authorizing the Applicants to file a plan of compromise and arrangement (the "**Plan**") and to convene meetings of their affected secured creditors, affected unsecured creditors, and the WARN Act Plaintiffs (as defined in the Claims Procedure Order) to consider and vote on the Plan (the "**Meetings Order**").
3. Pursuant to the Initial Order, a comeback date was scheduled for December 22, 2014. The Applicants also intend to bring a motion on this date for an Order that, among other things, grants an extension of the Stay Period (as defined in the Initial Order) up to and including March 1, 2015.
4. On December 3, 2014, the Monitor commenced ancillary cases in the United States by filing petitions (the "**U.S. Petitions**") under chapter 15 of the United States Bankruptcy Code (the "**Bankruptcy Code**") in the United States Bankruptcy Court for the District of Colorado (the "**Bankruptcy Court**").
5. On December 4, 2014 the Monitor, as foreign representative of the Applicants, obtained certain relief from the Bankruptcy Court, including (i) the joint administration of the Chapter 15 Proceedings, (ii) approval of the form and

manner of notice of the Chapter 15 Proceedings, and (iii) the entry of a temporary restraining order (the “TRO”) staying the commencement or continuation of proceedings against the Applicants and preventing parties from exercising contractual rights triggered by the commencement of insolvency proceedings in respect of the Applicants.

6. On December 11, 2014, the Bankruptcy Court entered a preliminary injunction extending the relief granted in the TRO pending further determination in the Chapter 15 Proceedings.
7. The Applicants’ stated objectives for the CCAA Proceedings are to permit them to pursue a recapitalization with a view to maximizing value for the benefit of their stakeholders. The Applicants believe that without the benefit of CCAA protection there could be significant erosion in the value of the Cline Group (being the Applicants and Raton Basin Analytical LLC, collectively) that could result in the loss of tax attributes and various exploration, mining and environmental permits.
8. Unless otherwise stated, all monetary amounts contained in this first report of the Monitor (the “**First Report**”) are expressed in Canadian dollars. Capitalized terms not otherwise defined herein have the meanings ascribed thereto in the

affidavit of Matthew Goldfarb sworn December 2, 2014 (the “**Pre-Filing Goldfarb Affidavit**”).

## **PURPOSE**

9. The purpose of this First Report is to provide this Honourable Court with the following:
  - A. a summary of the Monitor’s activities since the commencement of the CCAA Proceedings;
  - B. information regarding the Chapter 15 Proceedings to date;
  - C. an overview of the Applicants’ activities since the commencement of the CCAA Proceedings;
  - D. the Monitor’s comments on a proposed sale of certain of the Applicants’ equipment;
  - E. the Monitor’s comments regarding the Applicants’ actual receipts and disbursements for the two week period from December 1, 2014 to December 14, 2014;

- F. the Monitor's comments regarding the Applicants' consolidated cash position and liquidity as detailed in the cash flow forecast attached as Exhibit "D" to the Pre-Filing Goldfarb Affidavit; and
  
- G. the Monitor's conclusions and recommendations regarding the Applicants' motion for an Order that, among other things, grants an extension of the Stay Period.

#### **TERMS OF REFERENCE**

- 10. In preparing this report, FTI has relied upon audited and unaudited financial information of the Applicants, the Applicants' books and records (where appropriate), certain financial information prepared by the Applicants and discussions with various parties, including the Applicants' management and counsel to the Applicants (collectively, the "**Information**").
  
- 11. Except as described in this First Report:
  - A. FTI has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook; and

- B. FTI has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the Canadian Institute of Chartered Accountants Handbook.

## GENERAL BACKGROUND

12. The Cline Group is in the business of locating, exploring and developing mineral resource properties, with a particular focus on gold and metallurgical coal.
13. Further background information regarding the Applicants and the CCAA Proceedings is provided in, *inter alia*, the Pre-Filing Goldfarb Affidavit, the affidavit of Matthew Goldfarb sworn December 15, 2014 (the “**Second Goldfarb Affidavit**”) and FTI's pre-filing report dated December 2, 2014 (the “**Pre-Filing Report**”). Copies of these materials, the Orders and other documentation relating to these CCAA Proceedings have been posted on the Monitor's website (the “**Monitor’s Website**”) at <http://cfcanada.fticonsulting.com/cline>.

## A. ACTIVITIES OF THE MONITOR

14. The Initial Order appointed FTI as Monitor of the Applicants in these CCAA Proceedings. In this regard, FTI has been involved in numerous activities since the Filing Date, including, *inter alia*:

- A. commencing ancillary cases in the United States by way of filing the U.S. Petitions, as further described below;
- B. preparing a list of potential WARN Act Plaintiffs, with the assistance of the Applicants and U.S. counsel, for the purpose of providing the WARN Act Plaintiffs with notice of the Applicants' restructuring proceedings;
- C. establishing the Monitor's Website, as further described below;
- D. establishing the Monitor's hotline and e-mail address and responding to any inquiries received, as further described below;
- E. preparing a list of known creditors having claims against the Applicants of more than \$1,000, showing the names, addresses, and estimated amounts of those claims, and making this list publicly available in the prescribed manner;
- F. finalizing and sending the prescribed notices to creditors as required under the Initial Order, Claims Procedure Order, and Meetings Order, as further detailed below;
- G. reviewing disbursements made by the Applicants during the CCAA Proceedings; and



H. preparing this First Report.

15. Pursuant to the Initial Order, the Claims Procedure Order, and the Meetings Order, as more particularly described below, the Monitor published notices in the Globe and Mail (National Edition) (the “G&M”), Denver Post, and Pueblo Chieftain. Copies of these notices are attached as Appendices “A”, “B” and “C” hereto and publication information is as follows:

- a) the notice of the Initial Order was published in the G&M on December 11, 2014 and December 15, 2014<sup>1</sup>. The notice was also published in both the Denver Post and Pueblo Chieftain on December 8, 2014 and December 15, 2014;
- b) pursuant to the Claims Procedure Order, the Notice to Creditors (as defined in the Claims Procedure Order) was published in the G&M on December 9, 2014 and December 15, 2014. The notice was also published in both the Denver Post and Pueblo Chieftain on December 8, 2014 and December 15, 2014; and
- c) pursuant to the Meetings Order, the Notice of Meetings (as defined in the Meetings Order) was published in the G&M on December 9, 2014 and December 15, 2014. The notice was also published in both the

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<sup>1</sup> The notice in the Initial Order was first published in the G&M on December 9, 2014, but it contained certain errors caused by the newspaper. Accordingly, the notice of the Initial Order was republished by the G&M, at no additional cost to the Applicants, on December 11, 2014.

Denver Post and Pueblo Chieftain on December 8, 2014 and December 15, 2014.

16. By December 5, 2014, the Monitor had completed its mailing of the notice of the CCAA Proceedings. The mailing was sent to all known creditors that have a claim against the Applicants of more than \$1,000.00.
17. On December 4, 2014, pursuant to the Meetings Order, a copy of the Information Package was sent electronically to Marret, on behalf of the Secured Noteholders.
18. By December 9, 2014, copies of the Information Package (without the Secured Noteholders Proxy) were sent to each of the Known Creditors (as defined in the Claims Procedure Order) as well as counsel to the WARN Act Plaintiffs.
19. By December 9, 2014, Claims Packages (as defined in the Claims Procedure Order) were sent to each of the Known Creditors and the counsel to the WARN Act Plaintiffs.
20. By December 9, 2014 the Monitor posted a copy of all required documents pursuant to each of the Initial Order, the Claims Procedure Order and the Meetings Order on the Monitor's Website.

21. In addition, the Monitor made various materials relating to the CCAA Proceedings available on the Monitor's Website, which it established for the purpose of the CCAA Proceedings. These materials include the Applicants' application and motion materials, the Initial Order, the Claims Procedure Order, the Meetings Order, the Claims Package, the Information Package, a list of the Applicants' known creditors as at December 3, 2014 and the service list. The Monitor will continue to update the Monitor's Website by posting Monitor's reports, motion materials and Orders granted in the CCAA Proceedings.
22. The Monitor has also established a hotline (416-649-8099) and a toll-free line (1-855-398-7390) to allow creditors and other interested parties to contact the Monitor to obtain additional information concerning the CCAA Proceedings. The Monitor continues to respond to these enquiries in a timely manner.

## **B. CHAPTER 15 PROCEEDINGS**

23. By way of the U.S. Petitions, the Monitor, in its capacity as foreign representative of the Applicants, seeks the recognition of the CCAA Proceedings as a "foreign main proceeding" within the meaning of the Bankruptcy Code and the enforcement in the United States of the Initial Order, the Claims Procedure Order and Meetings Order. The hearing to consider whether to grant such relief is

currently scheduled for January 29, 2015. The Bankruptcy Court has set an objection deadline of January 7, 2015 in connection with this hearing.

24. Notice of the relief granted in the Chapter 15 Proceedings and the relief being sought by way of the U.S. Petitions has been given by: (i) United States mail, first-class postage prepaid, or by overnight courier, to the Known Creditors; (ii) United States mail, first-class postage prepaid, or by overnight courier, to the plaintiffs and proposed class counsel in the class action proceeding captioned Gerard, Jr. et al v. New Elk Coal Company, LLC, et al, 1:13-cv-00277-RM-KMT, pending in the United States District Court for the District of Colorado, to the extent addresses can be obtained by the Monitor from the Applicants; (iii) publication in the Wall Street Journal (US Edition) on December 9, 2014; and (iv) publication in the Denver Post and the Pueblo Chieftain on December 15, 2014.

### **C. ACTIVITIES OF THE APPLICANTS SINCE THE COMMENCEMENT OF THE CCAA PROCEEDINGS**

25. As described in further detail in the Second Goldfarb Affidavit, the Applicants have been involved in a number of activities since the Filing Date.
26. The Applicants have been involved in providing information regarding the CCAA Proceedings to stakeholders and have performed the following activities in this regard:

- a) issuing a press release on December 3, 2014 announcing the commencement of the CCAA Proceedings and the Plan;
- b) contacting employees and key suppliers to inform them of the commencement of the CCAA Proceedings and the Plan;
- c) responding to inquiries from shareholders;
- d) identifying Known Creditors for the purpose of preparing the Claims Schedule (as defined in the Claims Procedure Order), pursuant to the Claims Procedure Order; and
- e) assisting the Monitor and the Monitor's U.S. counsel with the required notices pursuant to the Initial Order, the Claims Procedure Order, the Meetings Order, and the U.S. Petitions.

#### **D. EQUIPMENT SALE**

27. In addition to the activities listed above, the Applicants reached an agreement with Foresight Energy Services, LLC to sell redundant and surplus equipment (the "**Equipment**") in order to generate additional funds of US\$622,000 (the "**Equipment Sale**"). It is the Monitor's understanding that this equipment is not needed by the Applicants, given the current level of operations at the New Elk Mine.
28. At the request of the Applicants and in order to facilitate the Equipment Sale, Marret and Computershare Trust Company of Canada, in its capacities as 2011

Trustee and 2013 Trustee, have agreed to release their security in the Equipment to allow the Equipment Sale to proceed.

29. Paragraphs 11(a) and 11(b) of the Initial Order provide as follows:  
THIS COURT ORDERS that the Applicants shall, subject to such requirements as are imposed by the CCAA, have the right to:

a) permanently or temporarily cease, downsize or shut down any of its business or operations, and to dispose of redundant or non-material assets not exceeding \$750,000 in any one transaction or \$1.5 million in the aggregate, subject to the prior approval of Marret;

b) to sell assets not exceeding \$750,000 in any one transaction or \$1.5 million in the aggregate, subject to the prior approval of Marret; ...

30. Marret, on behalf of the Secured Noteholders, was consulted during the sale process and has provided its approval of the Equipment Sale. The Applicants have also discussed the Equipment Sale with the Monitor and the Monitor is supportive of the Equipment Sale.

31. The Monitor will continue to keep apprised of the Equipment Sale and report to this Honourable Court in the event that any issues arise in relation to same.

**E. ACTUAL RECEIPTS AND DISBURSEMENTS FOR THE PERIOD FROM  
DECEMBER 1, 2014 TO DECEMBER 14, 2014**

32. Since the Filing Date, the Monitor has been working with the Applicants to review disbursements and manage their cash spend during the CCAA Proceedings.
33. The Applicants' actual net cash flow from the period of December 1, 2014 to December 14, 2014 (the "**Current Period**") together with an explanation of key variances as compared to the cash flow forecast provided in the Pre-Filing Goldfarb Affidavit (the "**December 1 Cash Flow Forecast**") is described below. Actual net cash flows for the Current Period were approximately \$0.7 million higher than forecast and are summarized as follows:

<b>Week Ending</b>	<b>Forecast</b>	<b>Actual</b>	<b>Variance</b>
<i>\$ thousands</i>			
<b>Cash Flow from Operations</b>			
Receipts	-	(0.0)	(0.0)
Operating Disbursements	(438.0)	(178.9)	259.1
<b>Operating Cash Flows</b>	<b>(438.0)</b>	<b>(178.9)</b>	<b>259.1</b>
Restructuring/ Non-Recurring Disbursements	(557.0)	(110.3)	446.6
<b>Projected Net Cash Flow</b>	<b>(994.9)</b>	<b>(289.2)</b>	<b>705.7</b>
Beginning Cash Balance	8,844.3	8,847.3	3.0
<b>Ending Cash Balance</b>	<b>7,849.4</b>	<b>8,558.1</b>	<b>708.7</b>

34. The variance in actual receipts and disbursements is comprised primarily of the following:
- a) A positive variance of approximately \$0.3 million in operating disbursements. This variance is anticipated to be temporary in nature and is expected to reverse as invoices are received by the Applicants; and
  - b) A positive variance of approximately \$0.4 million in Restructuring/Non-Recurring Disbursements relating to professional fees. This variance is anticipated to be temporary in nature and is expected to reverse as invoices are received by the Applicants.

#### **F. THE APPLICANTS' CASH FLOW FORECAST**

35. As further detailed in the Pre-Filing Report, the Applicants, with the assistance of the Monitor, prepared the December 1 Cash Flow Forecast. The December 1 Cash Flow Forecast shows a negative cash flow of approximately \$3.2 million for the period of December 1, 2014 to March 1, 2015.
36. It is anticipated that the Applicants' projected liquidity requirements through March 1, 2015 during the CCAA Proceedings will be met by existing cash available to the Applicants.



37. The Monitor will report on a revised cash flow forecast that is in the process of being prepared by the Applicants in its next report.

## **G. CONCLUSIONS AND RECOMMENDATION**

38. The initial Stay Period granted by this Honourable Court under the Initial Order expires on December 31, 2014. In order to allow the Applicants sufficient time to continue towards their restructuring goals, the Applicants are requesting that the Stay Period be extended to March 1, 2015.

39. The Monitor believes that the Applicants have been, and are, acting in good faith and with due diligence.

40. The Monitor further believes that the proposed extension is fair and reasonable in the circumstances as it is consistent with the various milestone dates identified throughout the Initial Order, the Claims Procedure Order, the Meetings Order and the Support Agreement.

41. In addition, the Monitor is of the view that the Applicants will require the protection of the stay of proceedings through to and including March 1, 2015 in order to carry out (i) the claims process; (ii) the meetings of the Applicants' affected secured creditors, affected unsecured creditors, and the WARN Act

Plaintiffs; and (iii) the implementation of the Plan, if approved by the required majorities and this Honourable Court.

42. For the reasons set out above, the Monitor supports and recommends the Applicants' request for an extension of the Stay Period up to and including March 1, 2015.

All of which is respectfully submitted this 16<sup>th</sup> day of December, 2014.

FTI Consulting Canada Inc.,  
in its capacity as Monitor of Cline Mining Corporation, New Elk Coal Company LLC  
and North Central Energy Company

Per

A handwritten signature in black ink that reads "Paul Bishop". The signature is written in a cursive, flowing style.

Paul Bishop  
Senior Managing Director

# APPENDIX "A"

## GLOBE AND MAIL NEWSPAPER NOTICES

**NOTICE TO CREDITORS OF Cline Mining Corporation, New Elk Coal Company LLC and North Central Energy Company (the "Applicants") and/or their Directors or Officers**

**RE: NOTICE OF CLAIMS BAR DATE IN COMPANIES' CREDITORS ARRANGEMENT ACT ("CCAA") PROCEEDINGS**

NOTICE IS HEREBY GIVEN that pursuant to an Order of the Ontario Superior Court of Justice made December 3, 2014 (the "Order"), a claims procedure has been commenced for the purpose of identifying and determining all Claims against the Applicants and the Directors and Officers of the Applicants that are to be included in the Applicants' Plan of Compromise and Arrangement under the CCAA.

**PLEASE TAKE NOTICE** that the claims procedure applies only to the Claims described in the Order. A copy of the Order and other public information concerning CCAA Proceedings in respect of the Applicants can be found at the following website: <http://cfcanada.fticonsulting.com/cline>. Any creditor, other than a Secured Noteholder, who has not received a Notice of Claims and who believes that he or she has a Claim against the Applicants as a Member or Director under the Order must contact the Monitor in order to obtain a Proof of Claims form.

**THE CLAIMS BAR DATE** (i.e. the date by which all Claims must be filed) is January 23, 2015. Proofs of Claims in respect of existing Claims and Director/Officer Claims must be completed and filed with the Monitor on or before the Claims Bar Date.

**THE BENEFICIARIES PERSON CLAIMS BAR DATE** (i.e. the date by which all Claims must be filed) is January 23, 2015. Proofs of Claims in respect of Beneficiary Claims must be completed and filed with the Monitor on or before the Beneficiary Claims Bar Date.

**MEMBERS OF CLAIMS** who have not accepted a Notice of Claims and who do not file a Proof of Claims (including being the claimant or the Beneficiary Person) shall not be entitled to vote at any meeting of creditors regarding the plan of compromise and arrangement being proposed by the Applicants or to participate in any distribution under such plan, and any Claims such creditor may have against the Applicants and/or any of the Directors or Officers of the Applicants shall be forever extinguished and barred.

**CREDITORS RECEIVING INFORMATION** in Claims documentation may contact the Monitor at the following address for general information, copies, personal advice, business representation, or other assistance:

FTI Consulting Canada Inc., Court-appointed Monitor of Cline Mining Corporation, New Elk Coal Company LLC and North Central Energy Company  
 79 Waterhouse Street West  
 TD South Tower  
 Suite 2010, P.O. Box 104  
 Toronto, ON M5G 1G8  
 Attention: Pamela Luthra  
 Telephone: 1-855-398-7390  
 Fax: 416-649-8099  
 Email: [cline@fticonsulting.com](mailto:cline@fticonsulting.com)

**NOTICE TO CREDITORS OF CLINE MINING CORPORATION, NEW ELK COAL COMPANY LLC AND NORTH CENTRAL ENERGY COMPANY (THE "APPLICANTS")**

**RE: NOTICE OF CCAA FILING**

NOTICE IS HEREBY GIVEN that on December 3, 2014 the Applicants obtained from the Ontario Superior Court of Justice (Commercial List) at Toronto an initial order (the "Initial Order") under the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the "CCAA") under court file number CV-14-10781-00CL. Pursuant to the Initial Order, FTI Consulting Canada Inc. has been appointed as CCAA monitor of the Applicants (the "Monitor").

**PLEASE TAKE NOTICE** that a copy of the Initial Order and other public information concerning these CCAA proceedings can be found on the Monitor's website at <http://cfcanada.fticonsulting.com/cline>, or may be obtained by contacting the Monitor at:

**FTI Consulting Canada Inc.**  
 Court-appointed Monitor of Cline Mining Corporation,  
 New Elk Coal Company LLC and North Central Energy Company  
 TD Waterhouse Tower  
 79 Wellington Street West  
 Suite 2010, P.O. Box 104  
 Toronto, Ontario M5G 1G8

Attention: Pamela Luthra  
 Telephone: 1-855-398-7390 or 416-649-8099  
 Fax: 416-649-8101  
 Email: [cline@fticonsulting.com](mailto:cline@fticonsulting.com)

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF CLINE MINING CORPORATION, NEW ELK COAL COMPANY LLC AND NORTH CENTRAL ENERGY COMPANY (the "Applicants")**

**NOTICE OF MEETINGS OF CREDITORS OF THE APPLICANTS**

NOTICE IS HEREBY GIVEN that meetings (the "Meetings") of creditors of the Applicants entitled to vote on a plan of compromise and arrangement (the "Plan") proposed by the Applicants under the Companies' Creditors Arrangement Act (the "CCAA") will be held for the following purposes: (1) to consider and, if deemed advisable, to pass, with or without variation, a resolution to approve the Plan; and (2) to transact such other business as may properly come before the Meetings or any adjournment thereof.

The Meetings are being held pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated December 3, 2014 (the "Meetings Order").

NOTICE IS ALSO HEREBY GIVEN that the Meetings Order establishes the procedures for the Applicants to call, hold and conduct Meetings of the holders of Claims against the Applicants to consider and pass resolutions, if thought advisable, approving the Plan and to transact such other business as may be properly brought before the Meetings. For the purpose of voting on and receiving distributions pursuant to the Plan, the holders of Claims against the Applicants will be grouped into three classes, being the Affected Unsecured Creditors Class, the WARN Act Plaintiffs Class and the Secured Noteholders Class.

NOTICE IS ALSO HEREBY GIVEN that the Meetings will be held at the following dates, times and location:

**Date:** January 21, 2015  
**Time:** 10:00 a.m. – WARN Act Plaintiffs Class  
 11:00 a.m. – Affected Unsecured Creditors Class  
 12:00 p.m. – Secured Noteholders Class  
**Location:** Goodmans LLP, 333 Bay Street, Suite 3400, Toronto, Ontario

NOTICE IS ALSO HEREBY GIVEN that if the Plan is approved at the Meetings by the required majorities of Creditors and other necessary conditions are met, the Applicants intend to make an application to the Court on January 28, 2015 (the "Sanction Hearing") seeking an order sanctioning the Plan pursuant to the CCAA (the "Sanction Order"). Any person wishing to oppose the application for the Sanction Order must serve a copy of the materials to be used to oppose the application and setting out the basis for such opposition upon the lawyers for the Applicants and the Monitor as well as those parties listed on the Service List posted on the Monitor's Website. Such materials must be served by not later than 5:00pm (Toronto time) on the date that is 7 days prior to the Sanction Hearing.

NOTICE IS ALSO HEREBY GIVEN that the Meetings Order and the Plan provide that if (i) the Plan is not accepted by the Required Majorities of the Affected Unsecured Creditors Class or the WARN Act Plaintiffs Class or (ii) the Applicants determine, in their discretion, that the Plan will not be accepted by the Required Majorities of the Affected Unsecured Creditors Class or the WARN Act Plaintiffs Class or is otherwise unlikely to succeed for any reason whatsoever, then the Applicants are permitted, without further Order of the Court, to file an amended and restated plan (the "Alternate Plan") with the attributes described on Schedule "B" to the Plan and to proceed with a meeting of the Secured Noteholders Class for the purpose of considering and voting on the resolution to approve the Alternate Plan, in which case the Applicants will have no obligation whatsoever to proceed with the Unsecured Creditors Meeting or the WARN Act Plaintiffs Meeting. In addition, if the requisite quorum is not present at the WARN Act Plaintiffs Meeting or it is determined that there are no Voting Claims in the WARN Act Plaintiffs Class, then the Applicants are permitted, without further Order of the Court, to amend the Plan to combine the WARN Act Plaintiffs Class with the Affected Unsecured Creditors Class on such terms as may be set forth in such amended Plan, in which case the Applicants shall have no further obligation to hold the WARN Act Plaintiffs meeting or otherwise seek a vote of the WARN Act Plaintiffs Class with respect to the resolution to approve the Plan or any other matter.

NOTICE IS ALSO HEREBY GIVEN that in order for the Plan to become effective:

1. the Plan must be approved by the required majorities of Creditors voting on the Plan and in accordance with the terms of the Meetings Order;
2. the Plan must be sanctioned by the Court; and
3. the conditions to implementation and effectiveness of the Plan as set out in the Plan and summarized in the Information Statement must be satisfied or waived.

Additional copies of the Information Package, including the Information Statement and the Plan, may be obtained from the Monitor's Website at <http://cfcanada.fticonsulting.com/cline> or by contacting the Monitor by telephone at 416.649.8099 (Toronto local) or 855.398.7390 (toll free) or by email at [cline@fticonsulting.com](mailto:cline@fticonsulting.com).

All capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Meetings Order.

DATED at Toronto, Ontario, this 4th day of December, 2014.

# APPENDIX "B"

## DENVER POST NEWSPAPER NOTICES

**NOTICE TO CREDITORS OF CLINE MINING CORPORATION, NEW ELK COAL COMPANY LLC AND NORTH CENTRAL ENERGY COMPANY (THE "APPLICANTS")**

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**NOTICE IS HEREBY GIVEN** that on December 3, 2014 the Applicants obtained from the Ontario Superior Court of Justice (Commercial List) at Toronto an initial order (the "Initial Order") under the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the "CCAA") under court file number CV-14-10781-00CL. Pursuant to the Initial Order, FTI Consulting Canada Inc. has been appointed as CCAA monitor of the Applicants (the "Monitor").

**PLEASE TAKE NOTICE** that a copy of the Initial Order and other public information concerning these CCAA proceedings can be found on the Monitor's website at <http://cfcanada.fticonsulting.com/cline>, or may be obtained by contacting the Monitor at:

FTI Consulting Canada Inc.  
Court-appointed Monitor of Cline Mining Corporation,  
New Elk Coal Company LLC and North Central Energy Company  
7D Waterhouse Tower  
79 Wellington Street West  
Suite 2010, P.O. Box 104  
Toronto, Ontario M5K 1G8  
**Attention:** Pamela Luthra  
Telephone: 1-855-398-7390 or 416-649-8099  
Fax: 416-649-8101  
Email: [cline@fticonsulting.com](mailto:cline@fticonsulting.com)

**NOTICE TO CREDITORS OF Cline Mining Corporation, New Elk Coal Company LLC and North Central Energy Company (the "Applicants")**

**RE: NOTICE OF CLAIMS BAR DATE IN COMPANIES' CREDITORS ARRANGEMENT ACT ("CCAA") PROCEEDINGS**

**NOTICE IS HEREBY GIVEN** that pursuant to an Order of the Ontario Superior Court of Justice made December 3, 2014 (the "Order"), a claims procedure has been commenced for the purpose of identifying and determining all claims against the Applicants and the Applicants' Plan of Compromise and Arrangement under the CCAA.

**PLEASE TAKE NOTICE** that the claims procedure applies only to the Claims described in the Order. A copy of the Order and other public information concerning CCAA Proceedings in respect of the Applicants can be found at the following website: <http://cfcanada.fticonsulting.com/cline>. Any creditor, other than a Secured Noteholder, who has not received a Notice of Claim and who believes that he or she has a Claim against the Monitor in order to obtain a Proof of Claim form.

**THE CLAIMS BAR DATE IS 5:00 p.m. (Toronto Time) on January 13, 2015.** Proofs of Claim must be completed and filed with the Monitor on or before the Claims Bar Date.

**THE RESTRUCTURING PERIOD CLAIMS BAR DATE IS 5:00pm (Toronto Time) on the date that is seven (7) Calendar Days after termination, repudiation or rescission of the agreement or other event giving rise to the Restructuring Period Claims.** Proofs of Claim in respect of Restructuring Period Claims must be completed and filed with the Monitor on or before the Restructuring Period Claims Bar Date.

**HOLDERS OF CLAIMS** who have not received a Notice of Claim and who do not file a Proof of claim by the Claims Bar Date or the Restructuring Period Claims Bar Date, as applicable, shall not be entitled to vote at any meeting of creditors regarding the plan of compromise and arrangement being proposed by the Applicants. Claims such creditor may have against the Applicants and/or any of the Directors or Officers of the Applicants shall be forever extinguished and barred.

**CREDITORS REQUIRING INFORMATION** or claim documentation may contact the Monitor at the following address by prepaid registered mail, courier, personal delivery, facsimile transmission, email or telephone:

FTI Consulting Canada Inc., Court-appointed Monitor of Cline Mining Corporation, New Elk Coal Company LLC and North Central Energy Company  
79 Wellington Street West  
7D South Tower  
Suite 2010, P.O. Box 104  
Toronto, ON M5K 1G8  
**Attention:** Pamela Luthra  
Telephone: (416) 649-8099 (Local Toronto)  
(855) 398-7390 (Toll-Free)  
Fax: (416) 649-8101  
Email: [cline@fticonsulting.com](mailto:cline@fticonsulting.com)

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED, AND IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF CLINE MINING CORPORATION, NEW ELK COAL COMPANY LLC AND NORTH CENTRAL ENERGY COMPANY (the "Applicants")**

**NOTICE OF MEETINGS OF CREDITORS OF THE APPLICANTS**

**NOTICE IS HEREBY GIVEN** that meetings (the "Meetings") of creditors of the Applicants entitled to vote on a plan of compromise and arrangement (the "Plan") proposed by the Applicants under the Companies' Creditors Arrangement Act (the "CCAA") will be for the following purposes: (1) to consider and, if deemed advisable, to pass, without variation, a resolution to approve the Plan; and (2) to transact such other business as may properly come before the Meetings or any adjournment thereof. The Meetings are being held pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated December 3, 2014 (the "Meetings Order").

**NOTICE IS ALSO HEREBY GIVEN** that the Meetings Order establishes the procedure for the Applicants to call, hold and conduct Meetings of the holders of Claims against the Applicants to consider and pass resolutions, if thought advisable, approving the Plan and to transact such other business as may be properly brought before the Meetings. For the purpose of voting on and receiving distributions pursuant to the Plan, the holders of Claims against the Applicants will be grouped into three classes, being the Secured Creditors Class, the WARN Act Plaintiffs Class and the Unsecured Creditors Class.

**NOTICE IS ALSO HEREBY GIVEN** that the Meetings will be held at the following times and locations:

**Date:** January 21, 2015  
**Time:** 10:00 a.m. - WARN Act Plaintiffs Class  
11:00 a.m. - Affected Unsecured Creditors Class  
12:00 p.m. - Secured Noteholders Class  
**Location:** Goodmans LLP, 333 Bay Street, Suite 3400, Toronto, Ontario

**NOTICE IS ALSO HEREBY GIVEN** that if the Plan is approved at the Meetings by the Required Majorities of Creditors and other necessary conditions are met, the Applicants intend to make an application to the Court on January 28, 2015 (the "Sanction Hearing") seeking an order sanctioning the Plan pursuant to the CCAA (the "Sanction Order"). Any person wishing to oppose the application for the Sanction Order must serve written materials to be used to oppose the application and setting out the basis of opposition upon the lawyers for the Applicants and the Monitor as well as those listed on the Service List posted on the Monitor's Website. Such materials must be served by not later than 5:00pm (Toronto time) on the date that is 7 days prior to the Sanction Hearing.

**NOTICE IS ALSO HEREBY GIVEN** that the Meetings Order and the Plan provide that the Plan is not accepted by the Required Majorities of the Affected Unsecured Creditors Class or the WARN Act Plaintiffs Class or (ii) the Applicants determine, in their discretion, that the Plan will not be accepted by the Required Majorities of the Affected Unsecured Creditors Class or the WARN Act Plaintiffs Class or is otherwise unlikely to be approved for any reason whatsoever, then the Applicants are permitted, without further notice to the Court, to file an amended and restated plan (the "Alternate Plan") with the provisions described on Schedule "B" to the Plan and to proceed with a meeting of the Affected Unsecured Creditors Class for the purpose of considering and voting on the Alternate Plan, in which case the Applicants will have no obligation to proceed with the Unsecured Creditors Meeting or the WARN Act Plaintiffs Meeting. In addition, if the requisite quorum is not present at the WARN Act Plaintiffs Meeting or it is determined that there are no Voting Claims in the WARN Act Plaintiffs Class then the Applicants are permitted, without further notice to the Court, to amend the Plan to combine the WARN Act Plaintiffs Class with the Affected Unsecured Creditors Class on such terms as may be set forth in such amended Plan, in which case the Applicants shall have no further obligation to hold the WARN Act Plaintiffs meeting or to seek a vote of the WARN Act Plaintiffs Class with respect to the resolution to accept the Plan or any other matter.

**NOTICE IS ALSO HEREBY GIVEN** that in order for the Plan to become effective:

- the Plan must be approved by the required majorities of Creditors voting on the Plan and in accordance with the terms of the Meetings Order;
- the Plan must be sanctioned by the Court; and
- the conditions to implementation and effectiveness of the Plan as set out in the Plan and summarized in the Information Package, including the Information Statement, must be satisfied or waived.

Additional copies of the Information Package, including the Information Statement and the Plan, may be obtained from the Monitor's Website at <http://cfcanada.fticonsulting.com/cline> or by contacting the Monitor by telephone at 416-649-8099 (Toronto local) or 855-398-7390 (toll free) or by email at [cline@fticonsulting.com](mailto:cline@fticonsulting.com).

All capitalized terms used but not otherwise defined herein have the meanings as to them in the Meetings Order.

**DATED** at Toronto, Ontario, this 4th day of December, 2014.

# APPENDIX "C"

## PUEBLO CHIEFTAN NEWSPAPER NOTICES

**NOTICE TO CREDITORS**

**OF CLINE MINING CORPORATION, NEW ELK COAL COMPANY LLC AND NORTH CENTRAL ENERGY COMPANY (THE "APPLICANTS")**

**RE: NOTICE OF CCAA FILING**

**NOTICE IS HEREBY GIVEN** that on December 3, 2014 the Applicants obtained from the Ontario Superior Court of Justice (Commercial List) at Toronto an initial order (the "Initial Order") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") under court file number CV-14-10781-00CL. Pursuant to the Initial Order, FTI Consulting Canada Inc. has been appointed as CCAA monitor of the Applicants (the "Monitor").

**PLEASE TAKE NOTICE** that a copy of the Initial Order and other public information concerning these CCAA proceedings can be found on the Monitor's website at <http://c/canada.fticonsulting.com/cline>, or may be obtained by contacting the Monitor at:

**FTI Consulting Canada Inc.**  
Court-appointed Monitor of Cline Mining Corporation,  
New Elk Coal Company LLC and North Central Energy Company  
TD Waterhouse Tower  
79 Wellington Street West  
Suite 2010, P.O. Box 104  
Toronto, Ontario M5K 1G8

Attention: Pamela Luthra  
Telephone: 1-855-398-7390 or  
416-649-8099  
Fax: 416-649-8101  
Email: [cline@fticonsulting.com](mailto:cline@fticonsulting.com)

L56151

**NOTICE TO CREDITORS OF Cline Mining Corporation, New Elk Coal Company LLC and North Central Energy Company (the "Applicants") and/or their Directors or Officers**

**RE: NOTICE OF CLAIMS BAR DATE IN COMPANIES' CREDITORS ARRANGEMENT ACT ("CCAA") PROCEEDINGS**

**NOTICE IS HEREBY GIVEN** that pursuant to an Order of the Ontario Superior Court of Justice made December 3, 2014 (the "Order"), a claims procedure has been commenced for the purpose of identifying and determining all claims against the Applicants and the Directors and Officers of the Applicants that are to be affected in the Applicants' Plan of Compromise and Arrangement under the CCAA.

**PLEASE TAKE NOTICE** that the claims procedure applies only to the Claims described in the Order. A copy of the Order and other public information concerning CCAA Proceedings in respect of the Applicants can be found at the following website: <http://c/canada.fticonsulting.com/cline>. Any creditor, other than a Secured Noteholder, who has not received a Notice of Claim and who believes that he or she has a Claim against the Applicants or a Director or Officer under the Order must contact the Monitor in order to obtain a Proof of Claim form.

**THE CLAIMS BAR DATE is 5:00 p.m. (Toronto Time) on January 13, 2015.** Proofs of Claim in respect of Prefiling Claims and Director/Officer Claims must be completed and filed with the Monitor on or before the Claims Bar Date.

**THE RESTRUCTURING PERIOD CLAIMS BAR DATE is 5:00pm (Toronto Time) on the date that is seven (7) Calendar Days after termination, repudiation or resiliation of the agreement or other event giving rise to the Restructuring Period Claim.** Proofs of Claim in respect of Restructuring Period Claims must be completed and filed with the Monitor on or before the Restructuring Period Claims Bar Date.

**HOLDERS OF CLAIMS** who have not received a Notice of Claim and who do not file a Proof of Claim by the Claims Bar Date or the Restructuring Period Claims Bar Date, as applicable, shall not be entitled to vote at any meeting of creditors regarding the plan of compromise and arrangement being proposed by the Applicants or to participate in any distribution under such plan, and any Claims such creditor may have against the Applicants and/or any of the Directors or Officers of the Applicants shall be forever extinguished and barred.

**CREDITORS REQUIRING INFORMATION** or claim documentation may contact the Monitor at the following address by prepaid registered mail, courier, personal delivery, facsimile transmission, email or telephone:

FTI Consulting Canada Inc., Court-appointed Monitor of Cline Mining Corporation, New Elk Coal Company LLC and North Central Energy Company

79 Wellington Street West  
TD South Tower  
Suite 2010, P.O. Box 104  
Toronto, ON M5K 1G8  
Attention: Pamela Luthra

Telephone: (416) 649-8099 (Local/Toronto)  
(855) 398-7390 (Toll-Free)  
(416) 649-8101  
Fax: (416) 649-8101  
Email: [cline@fticonsulting.com](mailto:cline@fticonsulting.com)

L56152

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF CLINE MINING CORPORATION, NEW ELK COAL COMPANY LLC AND NORTH CENTRAL ENERGY COMPANY (the "Applicants")**

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**NOTICE IS ALSO HEREBY GIVEN** that the Meetings will be held at the following dates, times and location:

**Date:** January 21, 2015

**Time:** 10:00 a.m. – WARN Act Plaintiffs Class  
11:00 a.m. – Affected Unsecured Creditors Class  
12:00 p.m. – Secured Noteholders Class

**Location:** Goodmans LLP, 333 Bay Street, Suite 3400, Toronto, Ontario

**NOTICE IS ALSO HEREBY GIVEN** that if the Plan is approved at the Meetings by the required majorities of Creditors and other necessary conditions are met, the Applicants intend to make an application to the Court on January 28, 2015 (the "Sanction Hearing") seeking an order sanctioning the Plan pursuant to the CCAA (the "Sanction Order"). Any person wishing to oppose the application for the Sanction Order must serve a copy of the materials to be used to oppose the application and setting out the basis for such opposition upon the lawyers for the Applicants and the Monitor as well as those parties listed on the Service List posted on the Monitor's Website. Such materials must be served by not later than 5:00pm (Toronto time) on the date that is 7 days prior to the Sanction Hearing.

**NOTICE IS ALSO HEREBY GIVEN** that the Meetings Order and the Plan provide that if (i) the Plan is not accepted by the Required Majorities of the Affected Unsecured Creditors Class or the WARN Act Plaintiffs Class or (ii) the Applicants determine, in their discretion, that the Plan will not be accepted by the Required Majorities of the Affected Unsecured Creditors Class or the WARN Act Plaintiffs Class or is otherwise unlikely to succeed for any reason whatsoever, then the Applicants are permitted, without further Order of the Court, to file an amended and restated plan (the "Alternate Plan") with the attributes described on Schedule "B" to the Plan and to proceed with a meeting of the Secured Noteholders Class for the purpose of considering and voting on the resolution to approve the Alternate Plan, in which case the Applicants will have no obligation whatsoever to proceed with the Unsecured Creditors Meeting or the WARN Act Plaintiffs Meeting. In addition, if the requisite quorum is not present at the WARN Act Plaintiffs Meeting or it is determined that there are no Voting Claims in the WARN Act Plaintiffs Class, then the Applicants are permitted, without further Order of the Court, to amend the Plan to combine the WARN Act Plaintiffs Class with the Affected Unsecured Creditors Class on such terms as may be set forth in such amended Plan, in which case the Applicants shall have no further obligation to hold the WARN Act Plaintiffs meeting or otherwise seek a vote of the WARN Act Plaintiffs Class with respect to the resolution to approve the Plan or any other matter.

**NOTICE IS ALSO HEREBY GIVEN** that in order for the Plan to become effective:

- the Plan must be approved by the required majorities of Creditors voting on the Plan and in accordance with the terms of the Meetings Order;
- the Plan must be sanctioned by the Court; and
- the conditions to implementation and effectiveness of the Plan as set out in the Plan and summarized in the Information Statement must be satisfied or waived.

Additional copies of the Information Package, including the Information Statement and the Plan, may be obtained from the Monitor's Website at <http://c/canada.fticonsulting.com/cline> or by contacting the Monitor by telephone at 416.649.8099 (Toronto local) or 855.398.7390 (toll free) or by email at [cline@fticonsulting.com](mailto:cline@fticonsulting.com).

All capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Meetings Order.

**DATED** at Toronto, Ontario, this 4<sup>th</sup> day of December, 2014.

L56153

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

Court File No. CV14-10781-00CL

**AND IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT  
OF CLINE MINING CORPORATION, NEW ELK COAL COMPANY LLC AND  
NORTH CENTRAL ENERGY COMPANY (the "Applicants")**

***ONTARIO***  
**SUPERIOR COURT OF JUSTICE**  
**COMMERCIAL LIST**

Proceeding commenced at Toronto

**FIRST REPORT OF THE MONITOR**

**OSLER, HOSKIN & HARCOURT LLP**

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1 First Canadian Place  
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Lawyers for the Monitor, FTI Consulting Canada Inc.